



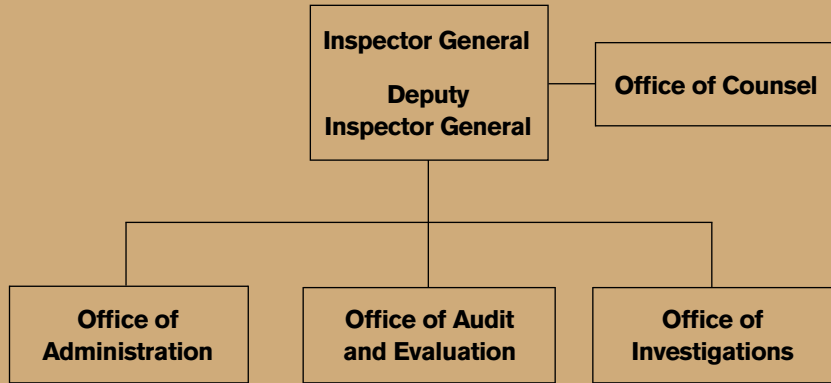
**U.S. Department of Commerce
Office of Inspector General**

Semiannual Report to Congress

March 2017



OFFICE OF INSPECTOR GENERAL



Oversight Areas

Office of the Secretary
Bureau of Economic Analysis
Bureau of Industry and Security
Economic Development Administration
Economics and Statistics Administration
First Responder Network Authority
International Trade Administration
Minority Business Development Agency
National Institute of Standards and Technology
National Oceanic and Atmospheric Administration
National Technical Information Service
National Telecommunications and Information Administration
U.S. Census Bureau
U.S. Patent and Trademark Office

OIG Main Number

Inspector General 202.482.4661

OIG Hotline

Telephone 202.482.2495
or 800.424.5197

TDD 202.482.5923
or 855.860.6950

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TABLE OF CONTENTS

1	FROM THE INSPECTOR GENERAL
2	OVERSIGHT AREAS
2	DEPARTMENT-WIDE MANAGEMENT
8	BUREAU OF INDUSTRY AND SECURITY
10	ECONOMIC DEVELOPMENT ADMINISTRATION
12	ECONOMICS AND STATISTICS ADMINISTRATION
16	INTERNATIONAL TRADE ADMINISTRATION
18	NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
24	NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
26	UNITED STATES PATENT AND TRADEMARK OFFICE
30	WORK IN PROGRESS
34	STATISTICAL DATA
64	REPORTING REQUIREMENTS
67	ACRONYMS AND ABBREVIATIONS

FROM THE INSPECTOR GENERAL

I am pleased to present the Department of Commerce Office of Inspector General's (OIG's) *Semiannual Report to Congress* for the 6 months ending on March 31, 2017.

This is the first semiannual report issued by my office since my confirmation as Inspector General this past December. In the short time since then, I have met extensively with senior officials from the various bureaus within the Department. I have been impressed by the diversity of Commerce's many critical missions and by the strong appreciation Secretary Ross and his top officials have for the role of the Inspector General and the importance of oversight.

This report summarizes work we initiated and completed during this semiannual period on a number of critical Departmental activities. Over the past 6 months, our office completed 19 audits, inspections, and responses to Congressional requests—as well as 2 Congressional testimonies—addressing programs and personnel associated with the Economic Development Administration (EDA), Economics and Statistics Administration (ESA), International Trade Administration (ITA), National Oceanic and Atmospheric Administration (NOAA), National Telecommunications and Information Administration (NTIA), U.S. Patent and Trademark Office (USPTO), and the Department itself.

I had the opportunity in February to testify before Congress on what OIG considers to be the top management and performance challenges facing the Department. The challenges I discussed focused specifically on the First Responder Network Authority (FirstNet), NTIA, NOAA satellites, NOAA Fisheries, oversight of the Department's management and spending, and OIG recommendations issued to the Department.

I wish to thank Secretary Ross, senior officials throughout the Department, and members of Congress and their staffs for their support during this time of transition for OIG. It is a privilege to serve as the Inspector General. I look forward to a productive partnership with the Department and Congress in ensuring sound operations Department-wide.



PEGGY E. GUSTAFSON



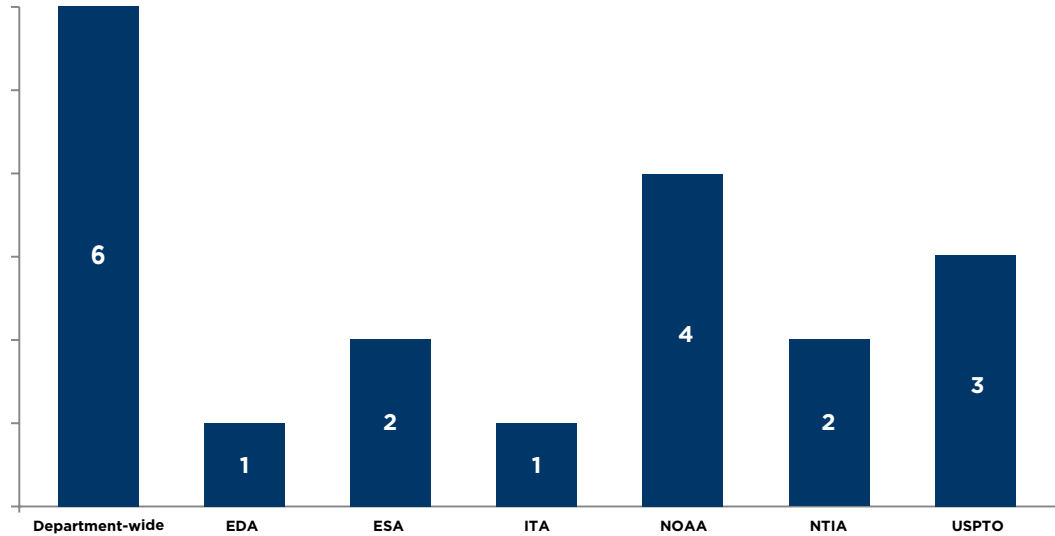
DEPARTMENT-WIDE MANAGEMENT

The **U.S. Department of Commerce** works to help American companies become more innovative and successful at home and more competitive abroad. It creates the conditions for economic growth and opportunity by promoting innovation, entrepreneurship, competitiveness, and stewardship.

The Department accomplishes its mission by providing national and local weather services; developing key economic and demographic data (including the Census); advancing technological and scientific innovation; protecting and restoring environmental resources; promoting international trade; and supporting local, regional, and national economic development. These activities affect U.S. business and industry daily and play a critical role in the nation's economic well-being.

COMPLETED WORKS (BY OVERSIGHT AREA)

During this reporting period, OIG completed 19 audits, inspections, and responses to Congressional requests; in addition, OIG submitted 2 Congressional testimonies.



DEPARTMENT OF COMMERCE FY 2016 CONSOLIDATED FINANCIAL STATEMENTS AUDITS (OIG-17-003-A, OIG-17-005-A, OIG-17-009-A)

KPMG LLP, an independent public accounting firm, performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in *Government Auditing Standards*, and Office of Management and Budget (OMB) Bulletin 15-02, *Audit Requirements for Federal Financial Statements*.

In its financial statement audit report (OIG-17-003-A) of the Department, KPMG

- determined that the financial statements were fairly presented in all material respects and in conformity with U.S. generally accepted accounting principles;
- identified one significant deficiency in internal control over financial reporting related to weaknesses surrounding information technology (IT) general controls in the areas of access controls, configuration management, and security management;
- identified no instances of reportable noncompliance with applicable laws, regulations, contracts, and grant agreements, as well as no instances in which the Department's financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act of 1996; and
- disclosed six potential instances of noncompliance with the Antideficiency Act currently under review at the Department.

As part of this audit, KPMG evaluated general IT controls supporting the Department's financial reporting and issued a separate IT report (OIG-17-009-A), which includes detailed information on the weaknesses in general IT controls identified in the audit.

In its audit (OIG-17-005-A) of the Department's closing package financial statements, KPMG

- determined that the closing package financial statements were fairly presented in all material respects and in conformity with U.S. generally accepted accounting principles;
- identified no deficiencies in internal control over financial reporting specific to the closing package financial statements that were considered to be a material weakness; and
- identified no instances of reportable noncompliance with the requirements of the *Treasury Financial Manual*, Volume 1, part 2, chapter 4700 (TFM, chapter 4700) and the *Supplemental Guidance to TFM*, chapter 4700.

BIWEEKLY REPORTING ON CONFERENCE SPENDING BY THE DEPARTMENT OF COMMERCE (OIG-17-006-M)

On December 2, 2016, we issued a memorandum that provided the results of OIG's analysis of biweekly conference spending reports provided by the Department. Our review found the following:

- *USPTO Is Likely Under-reporting Its Fiscal Year (FY) 2016 Conference Activity to OIG.* In its FY 2015 biweekly submissions to the Office of Administrative Programs (OAP), USPTO reported a total of 36 conferences. In FY 2016, USPTO reported none. OIG noted that USPTO's interpretation of the policy is overly broad and, through its application, may not be reporting conference information as envisioned by Congress or OMB.
- *It Is Unclear Whether the Census Bureau Is Under-reporting Its FY 2016 Conference Activity to OIG.* In its FY 2015 biweekly submissions to OAP, the Census Bureau (the Bureau) reported a total of 14 conferences. In FY 2016, the Bureau reported 3. The Bureau's explanation to OIG indicates that, upon clarification of the policy, it stopped reporting these training events. It is not clear who provided this clarification to the Bureau—and, while its explanation refers to an "opinion" not to report on similar events in FY 2016, this opinion was not provided to OIG nor was it described as a legal opinion.

To assist OAP in managing the reporting process of conference planning spending requirements, we recommended that the Chief Financial Officer and Assistant Secretary for Administration

- provide clarification to USPTO and the Census Bureau on the types of conferences required to be reported, per OMB Memorandum M-12-12, applicable appropriations legislation, and General Services Administration (GSA) Bulletin Federal Travel Regulation (FTR) 14-02.
- determine whether adjustments to Section 2.5 of the Department's Conference Policy are needed to better comply with the reporting requirements of OMB Memorandum M-12-12, applicable appropriations legislation, and GSA Bulletin FTR 14-02, and adjust as needed.

2017 ANNUAL LETTER TO OMB RE: GOVERNMENT CHARGE CARD ABUSE PREVENTION ACT OF 2012 (OIG-17-012-M)

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and OMB's implementing guidance requires each OIG to perform annual risk assessments and, in coordination with its department, submit to OMB semiannual reports of employee purchase or integrated card violations and the resulting actions taken. The Charge Card Act also requires each OIG to submit an annual purchase and travel card audit recommendation status report to OMB.

In this correspondence, we provided information regarding known and completed reviews and investigations of fraudulent use or abuse of purchase cards that resulted in fraud, loss to the government, or misappropriation of funds or assets for the Department's July 2016 and January 2017 reports to OMB.

Currently, one Departmental bureau has an audit report recommendation concerning the use of government cards that has yet to be implemented (the bureau has concurred with the recommendations and agreed to corrective actions):

- From OIG-11-013-A, *2010 Census: The Partner Support Program Lacked Adequate Controls for Monitoring Purchases and Ensuring Compliance* (issued November 18, 2010): we recommended that management improve oversight of card purchases and address compliance with policies and procedures.

During FY 2016, OIG completed an investigation that identified the improper and illegal use of a purchase card by an employee in the Office of the Secretary. There are also four alleged violations pending investigation.

We also included purchase cards, travel cards, and fleet cards as components in our annual FY 2017 Department-wide risk assessment. The assessment is based on detailed analyses that identify trends and variances; the results are then aggregated and included as components of the overall risk rating for each agency. The results of the annual risk assessment inform our audit plan for the subsequent year. In FY 2017, we will continue to incorporate the purchase card program into our annual risk assessment.

DATA ACT READINESS REVIEW (OIG-17-015-I)

The objective of this readiness review was to determine how prepared the Department is to implement the Digital Accountability and Transparency Act of 2014 (DATA Act) requirements (see Pub. L. No. 113-101, 128 STAT. 1146). We focused on (1) gaining an understanding of the Department's progress to date and (2) reviewing planned implementation activities corresponding to steps 1 through 4 of the Department of the Treasury's *DATA Act Implementation Playbook*. We also compared the progress to date to the suggested timelines in the *Playbook*, which identifies steps to implement—organizing implementation teams, reviewing DATA Act data elements, taking data inventories, and designing and strategizing the implementation.

We found the Department was significantly behind schedule, thus increasing the risk of not meeting the April 30, 2017, reporting deadline. Specifically, we found that the Department had not started or only partially completed some of the four steps of the *Playbook*, all of which should have been completed no later than September 2015. Additionally, we found the implementation plan lacked sufficient content, which increases the Department's risk of not meeting DATA Act requirements.

We recommended the Chief Financial Officer and Assistant Secretary for Administration do the following:

- Ensure there are sufficient monitoring activities to track completion of tasks/milestones needed to meet the DATA Act deadline.
- Consider missing or insufficient implementation plan items identified in this report during the DATA Act implementation process.

IG TESTIMONY AT THE HEARING OF THE SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION ON IMPROVING FEDERAL AGENCIES (OIG-17-016-T)

On February 8, 2017, Peggy Gustafson, the Inspector General for the U.S. Department of Commerce, testified before a hearing of the U.S. Senate Committee on Commerce, Science, and Transportation, focusing on “A Look Ahead: Inspector General Recommendations for Improving Federal Agencies.”

The Inspector General focused on the following six management and performance challenges:

- **FirstNet: Addressing the challenges of ensuring the successful procurement and monitoring of a nationwide high-speed, broadband network dedicated to public safety.** FirstNet’s most significant challenges to date concern managing its acquisitions, consulting with public safety entities at all levels, and strengthening internal control.
- **NTIA: Addressing increased demand for radio frequency spectrum and implementing a replacement system to modernize, automate, and integrate key spectrum management functions.** As the 2020 target to make 500 megahertz of federal and non-federal spectrum available approaches, NTIA’s challenge is to incorporate lessons learned from its research and development activities and consultation efforts into actual strategies that lead to more efficient use and availability of radio frequency spectrum.
- **NOAA Satellites: Managing environmental satellite system acquisition and development risks.** The Department must manage risks associated with the acquisition and development of environmental satellite systems. Our audit work on these programs has highlighted the need for effective management to mitigate the potential for gaps in the environmental data provided by NOAA’s current, aging systems.
- **NOAA Fisheries: Balancing the priorities of sustainable fisheries with those of multiple stakeholders.** NOAA continues to face challenges to ensuring timely and accurate assessments and providing consultation to its stakeholders. OIG’s oversight of such activity includes responses to members of Congress about regional issues, as well as an upcoming survey of NOAA stock assessments.
- **Oversight of the Department’s Management and Spending:**
 - *IT and cybersecurity issues:* Our Cybersecurity Act of 2015 audit identified that the Department faces significant challenges to securing its national security systems. We found the Department had not followed longstanding requirements for managing the security risks for some of its national security systems.
 - *Creating a Department-wide culture of accountability:* Over the course of 2016, OIG’s Office of Investigations processed more than 500 complaints regarding the Department’s operations; opened more than 80 investigations into allegations of fraud, waste, and abuse related to the Department’s programs and funds; and closed more than 50 open investigations. Many of these closed investigations resulted in successful criminal convictions (8), suspension or debarment actions (10), and administrative disciplinary actions (5).

- **OIG Recommendations Issued to the Department of Commerce.** The Inspector General shared that much of our work produces results that directly benefit the taxpayer. With respect to OIG's return on investment, we have reported more than \$125 million in monetary benefits over the last 2 full fiscal years. These included (a) questioned costs and (b) funds to be put to better use as a result of audits and inspections, as well as (c) monetary issues identified by investigations.

COMPANY PLEADS GUILTY IN ANTI-TRUST CASE AND AGREES TO PAY \$7.2 MILLION FINE

In November 2016, an automotive parts company based in Japan agreed to plead guilty for its role in a criminal conspiracy to restrain trade involving the sale of steel tubes to automobile manufacturers in the United States and elsewhere. As part of the plea agreement, the foreign corporation agreed to pay a \$7.2 million fine based upon its illegal activities, which were in violation of section 1 of the Sherman Act (15 U.S.C. § 1). The company admitted to its participation in a scheme to fix prices, allocate customers, and rig bids for the sale of these automotive parts. In addition to agreeing to pay the fine, the company also agreed to cooperate with the ongoing investigation led by the U.S. Department of Justice.

DOC CONTRACTOR CHARGED WITH MAJOR FRAUD

In March 2017, a criminal information was filed in U.S. District Court for the District of Columbia against a government contractor for a one-count violation of 18 U.S.C. § 1031 (Major Fraud Against the United States). The DOC OIG investigation found that between March 2013 and December 2014, the president and chief executive officer of the company made false statements to GSA, which enabled it to gain contracts via the GSA schedule. In September 2013, the DOC awarded the company a total of seven contracts to perform tasks in support of the Afghanistan Investment and Reconstruction Task Force. The company obtained \$3.1 million in contracts from DOC, for which it would have been ineligible absent the GSA contracts that it obtained through false statements. Further, during the execution of the contracts, the defendant improperly billed the government for travel (approximately \$400,000), danger pay (approximately \$200,000), insurance (approximately \$60,000), security (approximately \$149,000), and labor (approximately \$377,000). Thus, in addition to the fraudulent receipt of the contract, the company fraudulently billed the government nearly \$1.2 million.



BUREAU OF INDUSTRY AND SECURITY

The **Bureau of Industry and Security** is primarily responsible for administering and enforcing the nation's system for controlling exports of sensitive dual-use goods and technologies. BIS's major functions include formulating and implementing export control policy; processing export license applications; conducting various policy, technical, and economic analyses; promulgating regulations; conducting industry outreach; and enforcing the Export Administration Act and regulations. BIS has three primary organizational units:

Export Administration—Implements U.S. export control and nonproliferation laws and policies through export licensing, commodity classifications, and advisory opinions; technical, economic, foreign availability, and policy analyses; promulgation of regulations; and industry outreach. It also conducts various defense industry activities and enforces industry compliance with arms control treaties.

Export Enforcement—Participates in reviews of export license applications and conducts criminal and administrative investigations relating to the export control portions of the Export Administration Act and regulations. It also administers and enforces the anti-boycott provisions of the act and regulations.

Chief Financial Officer and Office of Administration—Advises senior leadership on business and IT issues and oversees policies and procedures for administrative functions for programs including budget and finance, human resources and workforce issues, corporate analysis and risk management, IT operations and cyber security, acquisitions, audits and investigations, and Freedom of Information Act requests.

BUSINESSPERSON PLEADS GUILTY IN BRIBERY CASE INVOLVING A FORMER BIS EMPLOYEE

As reported in our September 2016 *Semiannual Report to Congress* (see page 14), a joint investigation involving a former BIS employee resulted in that individual's arrest and indictment for bribery and conspiracy to commit bribery. The investigation found that, while serving as the project manager for a BIS data migration project, the former employee solicited and received bribes from the local businessperson in return for steering both a contract and a subcontract to perform the data migration work for the project. The businessperson made \$208,000 in payments through companies he or she owned to a restaurant business owned by the former BIS employee using false and fictitious invoices. In exchange for these payments, along with more than \$7,000 of renovation work performed at the former employee's residence, the businessperson's companies reaped more than \$1 million in profits from the data migration contract and subcontract. In December 2016, the businessperson pleaded guilty to a one-count violation of bribery and a one-count violation of conspiracy to commit bribery; sentencing is scheduled for May 2017. Trial for the former BIS employee is pending at this time. OIG worked the joint investigation with the Federal Bureau of Investigations (FBI) and the Defense Criminal Investigative Service, under the guidance and direction of the U.S. Attorney's Office for the Eastern District of Virginia.



ECONOMIC DEVELOPMENT ADMINISTRATION

The **U.S. Economic Development Administration's** mission is to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. Its investment policy is designed to establish a foundation for sustainable job growth and the building of durable regional economies throughout the United States. This foundation builds on two key economic drivers: innovation and regional collaboration.

EDA PUBLIC WORKS AND ECONOMIC ADJUSTMENT ASSISTANCE GRANT RECIPIENT SELECTIONS WERE GENERALLY MADE COMPETITIVELY BUT ITS MERIT-BASED SELECTION PROCESS CAN BE FURTHER IMPROVED (OIG-17-019-A)

This audit's objective was to evaluate EDA's FYs 2014 and 2015 solicitation, evaluation, and selection processes to determine whether Public Works and Economic Adjustment Assistance grant recipient selections were made competitively and based on merit.

Overall, we concluded EDA's grant awarding processes in place during FYs 2014 and 2015 were generally effective in ensuring competitive selection of its recipients. Although it did not affect our overall conclusion, we identified one occurrence where an EDA official circumvented the procedures in place to approve and award a grant recipient approximately \$1.3 million of EDA funding. We concluded that this instance was not the result of ineffective controls.

We recommended that the Assistant Secretary of Commerce for Economic Development

- review the disputed grant application noted in this report, for any potential improprieties; and
- ensure compliance with EDA's FYs 2014 and 2015 *Policy and Operations Manual* requirement of maintaining decision-making independence between Investment Review Committee members and regional directors when considering a grant application.

FORMER DEVELOPMENT DISTRICT DIRECTOR SENTENCED IN FRAUD SCHEME

As reported in our September 2016 *Semiannual Report to Congress* (see page 17), a joint investigation established that the director of a development district, along with the deputy director, created a company to funnel government funds, including federal grants from the Department of Commerce, for personal gain. In August 2016, the director pleaded guilty to two counts of theft and admitted to using the funds to purchase a property that was supposed to serve as an assisted living facility for senior citizens. The director then converted a portion of the property into a family home, which included elaborate upgrades such as luxury showers and a double-winding staircase. The director also admitted transferring federal funds without the approval of the board of directors; attempting to hide the unauthorized transfer of funds by instructing an employee to falsify the minutes of a board of director's meeting; and lying to the media, board of directors, and development district attorneys. In October 2016, the director was sentenced in U.S. District Court for the Middle District of Tennessee to 18 months in prison, followed by 2 years of supervised release, and ordered to pay \$233,000 in restitution. In January 2017, as part of a plea agreement, the court sentenced the deputy director to probation for 3 years with a \$2,000 fine and a \$100 monetary penalty. OIG worked the case jointly with the FBI, Internal Revenue Service, Department of Health and Human Services OIG, and Housing and Urban Development OIG, under the guidance and direction of the U.S. Attorney's Office for the Middle District of Tennessee.



ECONOMICS AND STATISTICS ADMINISTRATION

The **Economics and Statistics Administration** analyzes economic activity, formulates policy options, and produces a major share of the U.S. government's economic and demographic statistics. ESA has one constituent operating unit and two primary operating units:

Office of the Chief Economist—Provides the Department with expertise on key economic forces affecting the U.S. economy, delivering timely, relevant, and credible economic analysis and advice to government leaders and the public.

Census Bureau—Publishes a wide variety of statistical data about the nation's people and economy, conducting approximately 200 annual surveys in addition to the decennial census of the U.S. population and the quinquennial census of industry.

Bureau of Economic Analysis—Prepares, develops, and interprets national income and product accounts (summarized by the gross domestic product), as well as aggregate measures of international, regional, and state economic activity.

2020 CENSUS: 2016 CENSUS TEST INDICATES THE CURRENT LIFE-CYCLE COST ESTIMATE IS INCOMPLETE AND UNDERESTIMATES NONRESPONSE FOLLOWUP COSTS (OIG-17-020-I)

The first objective of this evaluation was to determine whether the Bureau documented its decision to utilize the enumerator-to-supervisor ratios selected for the 2016 test. Our second objective was to determine whether the Bureau designed the test to (a) assess the effectiveness of the operational control system (OCS) in supporting supervisors during nonresponse followup (NRFU) operations by comparing 2016 test results to results of previous tests and (b) determine the feasibility and effectiveness of a higher enumerator-to-supervisor ratio compared to the 2010 Census.

We found the following:

- More than 10 million potential NRFU contact attempts are unaccounted for in the life-cycle cost estimate.
- Limitations to the design and methodology of the 2016 Census Test hinder the Bureau's ability to answer research questions.
- Improvements could increase the effectiveness of the OCS.
- Field staff were not adequately trained to complete proxy interviews and receive paper questionnaires.

In addition, we identified that the 2016 Census Test Study Plan included inaccurate statements and assumptions about past research.

We recommended the Director of the Census Bureau take the following actions:

- Ensure the 2020 Census life-cycle cost estimate accurately reflects all relevant cost factors and excluded costs are documented.
- Designate appropriate personnel to independently verify tests are properly designed to answer research questions.
- Work with the Office of the General Counsel (OGC) to develop enumerator scheduling guidance; and implement the most efficient NRFU enumeration scheduling practices.
- Implement internal controls in the new OCS that (a) prevent supervisors from ignoring alerts and inform managers that alerts were not responded to in a timely manner; and (b) provide supervisors with sufficient detail to resolve alerts.
- Revise training to ensure field staff are adequately prepared to conduct proxy interviews and securely transmit paper questionnaires for processing.

2020 CENSUS: CENSUS BUREAU NEEDS TO IMPROVE CONTROLS OVER ADMINISTRATIVE RECORDS (OIG-17-022-A)

The objective of this audit was to assess the Bureau's controls for obtaining, using, retaining, and disposing of administrative records and third-party data as part of its planning for the 2020 Census.

With respect to obtaining both administrative records and third-party data, we found the Bureau included all required information in their agreements and contracts. However, the Bureau could not provide documentation showing that projects requiring access to administrative records, and related to the 2020 Census, were reviewed and approved in accordance with its *Administrative Records Handbook*.

With respect to using administrative records, we found the Bureau properly justified projects using administrative records, made payments to data providers in accordance with agreements, and complied with reporting requirements outlined in the agreements. Furthermore, federal data providers were generally satisfied with the way the Bureau manages their administrative records. However, we also found the Bureau could not provide documentation showing that access to administrative record data was modified in response to staffing changes and did not restrict employees' access to administrative records when their training had expired. Finally, with respect to retaining or disposing of administrative records, we found the Bureau did not delete administrative record data files in accordance with their expiration dates.

We recommended the Director of the Census Bureau take the following actions:

- Update review and approval policies and procedures for projects requiring access to administrative records to ensure all applicable criteria is considered, and appropriate documentation is retained.
- Improve controls over access to administrative records to ensure staff have a justified need-to-know to access administrative record data, and appropriate documentation is retained.
- Update training policies and procedures to ensure staff can only access administrative record data with up-to-date training.
- Improve controls over the retention and disposal process of administrative records to ensure records are deleted or returned to data providers in accordance with agreements.

PERSONNEL ACTIONS TAKEN FOR TIME AND ATTENDANCE FRAUD AND OTHER MISCONDUCT BY EMPLOYEES IN THE CENSUS HIRING AND EMPLOYMENT CHECK (CHEC) OFFICE

As reported in our September 2015 *Semiannual Report to Congress* (see page 21), our investigation established widespread misconduct in the CHEC Office. We found many current and former CHEC employees engaged in pervasive misconduct over several years—including widespread time and attendance abuse, misuse of office, and repeated attempts to retaliate against a perceived whistleblower. We made several recommendations regarding the misconduct, including to consider taking administrative action as deemed necessary and appropriate. Based on our report, as well as its own internal investigation, the Census Bureau took widespread personnel actions against CHEC Office employees. In summary: the Department removed 8 employees from federal service; suspended 10 for 5–30 days; reprimanded 4; and counseled 2. In addition, 8 employees resigned or transferred to another federal agency after receiving a proposed removal; 1 employee retired after receiving a proposed suspension; 1 employee resigned; 1 retired prior to receiving a proposed administrative action; and 1 employee's personnel action remains pending at this time.



INTERNATIONAL
T R A D E
ADMINISTRATION

INTERNATIONAL TRADE ADMINISTRATION

The **International Trade Administration** is the premier resource for American companies competing in the global marketplace. ITA strengthens the global competitiveness of U.S. industry, promotes trade and investment, and ensures fair trade through the rigorous enforcement of U.S. trade laws and agreements. ITA is organized into three business units that work together to achieve ITA's mission:

Industry and Analysis—Enhances the international competitiveness of U.S. industry, expands its market access, and increases its exports by devising and implementing innovative international trade, investment, and export promotion strategies utilizing in-depth quantitative and qualitative analysis and leveraging ITA's industry relationships.

Enforcement and Compliance—Safeguards and enhances the competitive strength of U.S. industries against unfair trade through the enforcement of U.S. trade remedy laws and ensures compliance with trade agreements negotiated on behalf of U.S. industries.

Global Markets—Assists and advocates for U.S. businesses in international markets to foster U.S. economic competitiveness and prosperity. Global Markets effectively helps U.S. businesses, partners, and stakeholders enter and expand into international markets, addressing barriers to trade, winning foreign governmental procurements, and attracting inward investment.

ENFORCEMENT AND COMPLIANCE NEEDS TO UPDATE AND CONSISTENTLY IMPLEMENT ITS QUALITY ASSURANCE POLICIES AND PRACTICES (OIG-17-017-A)

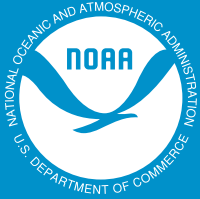
The objective of this audit was to assess ITA Enforcement and Compliance's (E&C's) efforts to ensure timely and accurate preliminary and final determinations for antidumping duty (AD) and countervailing duty (CVD) proceedings, including investigations and administrative reviews, and the results of regulatory reviews.

We found the following:

- *Quality assurance policies were applied inconsistently for calculations, but E&C generally followed its concurrence process. We found E&C did not consistently comply with its policies regarding calculation review panels, such as not using the formal calculation review panel checklists, not maintaining records of its calculation reviews, or, in some instances, conducting the reviews themselves. Additionally, E&C did not maintain all records of supervisory review of preliminary and final determinations; however, where documentation was available, E&C nearly always complied with its concurrence policies.*
- *E&C issued statutory determinations on time, but 22 percent of regulatory cases were completed after the deadlines established by internal metrics. We found all the dates recorded in the Case Management Database matched the source documentation, verifying that the statutory cases in our sample were completed on time. However, for regulatory cases, OIG found that 22 percent were completed after the deadlines established by E&C's internal policies.*

We recommended the Assistant Secretary for E&C do the following:

- Update and implement standard quality assurance processes across AD/CVD Operations enforcement offices, and train analysts and supervisors on the revised quality assurance policies.
- Update practices to ensure records related to quality assurance processes are retained.
- Develop a process to track and certify completion of quality assurance processes and provide case analysts with training to correct any errors discovered in calculation review panels as they arise.
- Revise workplace processes, including those for assigning cases, to better meet or document adjusted deadlines for regulatory cases.



NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

The **National Oceanic and Atmospheric Administration's** mission is to understand and predict changes in Earth's environment, as well as conserve and manage coastal and marine resources to meet our nation's economic, social, and environmental needs. NOAA does this through six line offices:

National Environmental Satellite, Data, and Information Services—

Provides secure and timely access to global environmental data and information from satellites to promote and protect the nation's security, environment, economy, and quality of life.

National Marine Fisheries Service—Is responsible for the stewardship of the nation's ocean resources and their habitat.

National Ocean Service—Provides data, tools, and, services that support coastal economies and their contribution to the national economy.

National Weather Service—Provides weather, water, and climate data forecasts, and warnings for the protection of life and property and enhancement of the national economy.

Office of Marine and Aviation Operations—Manages and operates NOAA's fleet of 16 research and survey ships and 9 aircraft.

Office of Oceanic and Atmospheric Research—Provides the research foundation for understanding the complex systems that support our planet.

AUDIT OF COASTAL PROTECTION AND RESTORATION AUTHORITY GRANT AWARD NA11NMF4630150 (OIG-17-004-A)

The objectives of this audit were to determine whether Louisiana's Office of Coastal Protection and Restoration Authority (CPRA) (1) complied with award terms and conditions and applicable laws and regulations, (2) met the 15.12 percent matching share requirements, and (3) claimed reasonable and allowable costs under the grant award.

As of December 31, 2015, CPRA expended approximately \$34.9 million of federal and nonfederal funds of the available \$35.3 million project funds. We reviewed approximately \$27.3 million (78 percent) of these expenditures. We found CPRA generally complied with award requirements; met the 15.12 percent matching share requirement; and administered the grant funds they received within applicable laws, regulations, and program requirements. However, we identified two minor issues related to questionable costs. Our review disclosed \$14,507 (\$12,314 federal share) in unallowable and unsupported total expenditures.

We recommended that the NOAA Acquisition and Grants Office (AGO) Director

- require CPRA to provide adequate documentation to show the unsupported costs amounting to \$12,314 are allowable and allocable or refund the recoverable portions that NOAA determines have not been adequately documented.

NATIONAL WEATHER SERVICE'S OVERSIGHT OF SERVICE CONTRACTS, DOCUMENT RETENTION, AND REPORTING NEEDS IMPROVEMENT (OIG-17-007-A)

The objective of this audit was to evaluate whether the National Weather Service (NWS) has adequate controls in place to ensure compliance with applicable laws and regulations for personnel support acquired through service contracts.

Our audit disclosed deficiencies concerning NWS' control over the administration and oversight of service contracts. Specifically, we determined, in 3 of the 20 service contracts reviewed, the administration and oversight had characteristics that may be perceived as an improper employer-employee relationship.

The audit also disclosed NOAA needs to strengthen control over retention of key documents and reporting of information to Congress. As a result, we made recommendations to strengthen internal control over NOAA's and NWS' administration and oversight of service contractors, document retention, and reporting.

We recommended that the Director of the NOAA AGO

- provide training to NWS contracting officer representatives and task managers on Federal Acquisition Regulation (FAR) requirements related to personal services contracts, including activities that can lead to a perception of prohibited employer-employee relationships; and
- issue guidance that requires analysis and other relevant documentation supporting the *Service Contract Inventory Analysis Report* to be maintained in accordance with applicable agency records schedules.

We also recommended that the Director of NWS along with the Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator

- develop procedures to ensure its responses to Congressional requests specify any applicable data limitations related to the provided information.

AUDIT OF THE GEOSTATIONARY OPERATIONAL ENVIRONMENTAL SATELLITE-R SERIES; IMPROVEMENTS IN TESTING, CONTRACT MANAGEMENT, AND TRANSPARENCY ARE NEEDED TO CONTROL COSTS, SCHEDULE, AND RISKS (OIG-17-013-A)

The objectives of this audit of NOAA's Geostationary Operational Environmental Satellite-R Series (GOES-R) were to assess the adequacy of GOES-R development as the program completed system integration and test activities for the flight and ground segments in preparation for launch and data distribution, per NOAA and National Aeronautics and Space Administration (NASA) standards. We also monitored the program's progress in developing and reporting on flight and ground segment contracting actions and changes to minimize cost increases.

We found the following:

- An unapproved test change damaged the satellite and exposed weaknesses in cost estimation that informed award fee determination.
- Delay in definitizing the core ground system re-plan resulted in increased costs and risk.
- Spacecraft project management reviews were not conducted in a transparent manner.
- The National Environmental Satellite, Data, and Information Service (NESDIS) did not consistently calculate or report geostationary satellite coverage gap probability.

We recommended the NESDIS Assistant Administrator direct

- NASA to ensure the spacecraft contractor's thermal vacuum procedural documents include adequate steps to account for configuration modifications on future GOES-R series satellites;
- GOES-R Program to establish a reporting mechanism that tracks mishap or damage costs with appropriate contract management personnel;
- NASA to modify the spacecraft contract's performance evaluation plan to specify that both direct and indirect costs are used in determining a major breach of safety for future evaluation periods; and
- GOES-R Program to provide timely cost data to NASA in order to achieve the proper mishap level of classification as early as possible.

We recommended that the NOAA Deputy Under Secretary for Operations

- determine whether the spacecraft contractor was entitled to receive award fee payment for period 12;
- direct NOAA AGO to develop a policy on timely disposition of requests for equitable adjustment (REAs);

- direct AGO to provide more detailed status of REAs and unpriced change orders (UCOs) for programs presented at NOAA/NASA Program Management Council (PMC) meetings that have been unresolved for over 6 months (e.g., how long they have been unresolved or undefinitized, plan for resolution or definitization, and estimated value); and
- direct AGO to develop a mechanism to regularly communicate status of REAs and UCOs that have been unresolved for over 6 months to senior NOAA leadership for programs not presented at NOAA/NASA PMC meetings (e.g., how long they have been unresolved or undefinitized, plan for resolution or definitization, and estimated value).

We recommended that the Under Secretary of Commerce for Oceans and Atmosphere and the NOAA Administrator

- direct the GOES-R program to ensure the business meeting portion of the spacecraft project management reviews are conducted in a transparent manner by allowing independent government oversight attendance.

We recommended that the NESDIS Assistant Administrator

- ensures (a) the GOES-R program captures meeting minutes for project management reviews identifying all action items, decisions, and significant points of discussion and (b) all future NESDIS funded contract meeting and review deliverables require minutes; and
- create a documented, periodic, and consistent geostationary imagery gap probability summary for comparison with policy.

NOAA REVIEWS OF UNLIQUIDATED OBLIGATIONS COULD BE IMPROVED WITH GREATER REVIEW FREQUENCY AND ADDITIONAL DOCUMENTATION (OIG-17-014-A)

The objective of this audit was to evaluate the effectiveness of NOAA's unliquidated obligation (ULO) review policies and procedures implemented since our report *Monitoring of Obligation Balances Needs Strengthening* (OIG-13-026-A), issued on June 18, 2013, which reviewed the Department-wide controls over the management of ULO balances. In the 2013 report, we recommended the Department develop initiatives for timely deobligation of unneeded balances, as well as issue guidance to promote more effective obligation management.

In this follow-up audit, we found NOAA did not fully implement Departmental policy as a result of our recommendations, specifically by not developing policies to conduct periodic obligation reviews. For 50 percent of the sampled obligations tested, we found NOAA could not provide acceptable explanations that the outstanding balances were needed, and we also found deobligation actions were untimely and lacking documentation. As a result, NOAA continues to maintain a significantly high ULO balance. As of December 31, 2015, NOAA's total ULOs exceeded \$3.3 billion. During our audit, NOAA began to review and take action on our identified obligations.

We recommended the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of AGO to

- develop bureau-specific policies and procedures for monitoring obligations that require open ULOs to have proper justification documentation and timely reviews;
- follow up on the obligations specifically identified in this report and take appropriate action; and

- require compliance with Departmental documentation standards on future deobligations by ensuring all deobligation actions have appropriate notifications, confirmations, and certifications on record and are processed in a timely manner.

FORMER CONGRESSMAN AND ASSOCIATES SENTENCED FOR ENGAGING IN RACKETEERING CONSPIRACY

As we reported in our September 2016 *Semiannual Report to Congress* (see page 40), a joint investigation resulted in the conviction of a member of the U.S. House of Representatives and four associates—including the CEO of an organization that received a grant from NOAA—for their participation in a racketeering conspiracy and engaging in other crimes, including bribery; conspiracy to commit mail, wire, and honest services fraud; mail fraud; falsification of records; bank fraud; making false statements to a financial institution; and money laundering. The case involved five schemes, two of which involved NOAA grant funds. In one of the schemes, the Congressman directed a political consultant, who was owed \$130,000, to apply for a \$15 million grant (which the consultant ultimately did not receive) on behalf of a then non-existent non-profit entity. In exchange for the Congressman's efforts to arrange the award of NOAA funds to the non-profit, the consultant allegedly agreed to forgive the debt owed by the Congressman's campaign. In another scheme, an associate of the Congressman obtained a \$50,000 NOAA grant to support an educational conference; the associate never held the conference and instead spent the grant funds on legal and other expenses. In December 2016, the former Congressman was sentenced in U.S. District Court for the Eastern District of Pennsylvania to 10 years in prison, as well as ordered to pay \$614,000 in restitution in addition to certain forfeitures. In addition, the court sentenced the associate who obtained the NOAA grant to 2 years imprisonment and ordered payment of \$650,000 in restitution, which included \$50,000 to be paid directly to NOAA. OIG worked the case jointly with the FBI, Internal Revenue Service, Department of Justice OIG, and NASA OIG, under the guidance and direction of the U.S. Attorney's Office for the Eastern District of Pennsylvania and the Department of Justice Public Integrity Section.

NOAA EMPLOYEE CONVICTED IN CHILD PORNOGRAPHY CASE

As we reported in our September 2016 *Semiannual Report to Congress* (see page 40), a NOAA employee was indicted and arrested for possession of child pornography following an OIG investigation—which established that the individual, an IT specialist assigned to a NOAA ship, accessed illicit images via the Internet while aboard the vessel. In March 2017, the individual signed a plea agreement and was convicted of a one-count charge of 18 U.S.C. § 2252A in the U.S. District Court for the District of South Carolina. In May 2016, after formal charges were filed in court for the case, the individual was placed on indefinite suspension without pay and final administrative action is pending.

NOAA EMPLOYEE REPRIMANDED FOR MISUSE OF POSITION

In January 2017, NOAA advised OIG that it had reprimanded a NOAA employee for misusing his or her official position for personal purposes. Our investigation confirmed that the individual used the NOAA title and position to advocate for two previous employers. We established that the employee sent a letter on official NOAA letterhead, via a NOAA email address, to a metropolitan city's planning department endorsing the work of the two firms where the individual had previously worked. The individual was also required to attend additional ethics training for this misconduct.



NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

The **National Telecommunications and Information Administration** serves as the executive branch's principal adviser to the President on domestic and international telecommunications and information policy issues. NTIA manages the federal use of the electromagnetic spectrum, provides grants for national information and public broadcasting infrastructure projects, and performs telecommunications research and engineering. It works to enhance citizens' access to cable television, telephone, and other telecommunications services, and educates state and local governments and other entities on ways to use information technology and telecommunications more effectively.

NTIA HAS SIGNIFICANTLY REDUCED ITS UNLIQUIDATED OBLIGATION BALANCES BUT CAN FURTHER STRENGTHEN REVIEW AND DOCUMENTATION PROCEDURES (OIG-17-011-A)

The objective of this audit was to evaluate the effectiveness of NTIA's obligation and deobligation review policies and procedures implemented in response to our report *Monitoring of Obligation Balances Need Strengthening* (OIG-13-026-A), issued on June 18, 2013, which reviewed the Department-wide controls over the management of ULO balances. In the 2013 report, we recommended that the Department develop Department-wide initiatives for timely deobligation of unneeded balances, as well as issue guidance to promote more effective obligation management.

In this follow-up audit, we found NTIA has generally met our recommendations—and has significantly reduced its ULO balance by more than 80 percent since our last review. Although it did not impact our overall conclusion, we did note approximately \$7.1 million in unliquidated balances for obligations as of December 31, 2015.

We recommended the NTIA Assistant Secretary for Communications and Information instruct the Office of Policy Coordination and Management Division to

- follow up on the five obligations identified in this report to ensure that, if no longer needed, appropriate action is taken, and
- implement bureau-specific policies and procedures for conducting timely obligation reviews of all open balances.

EXPANDING MONITORING CONTROLS WILL STRENGTHEN THE MANAGEMENT OF THE STATE AND LOCAL IMPLEMENTATION GRANT PROGRAM (OIG-17-018-A)

The objective of this audit was to evaluate NTIA's management of the State and Local Implementation Grant Program (SLIGP). We also reviewed the National Institute of Standards and Technology's (NIST's) related grant administration, reviewed relevant policies and procedures, assessed grant file documentation for a non-statistical sample of eight grant recipients, and interviewed NTIA and NIST officials involved in grant awarding and monitoring.

We generally found NTIA's and NIST's processes for respectively managing and administering SLIGP to be reasonable; however, we identified opportunities to address control weaknesses and improve management of this grant program.

We recommended that the NTIA Assistant Secretary for Communications

- in coordination with NIST, implement procedures to verify grant-related activities and costs reported on Performance Progress Reports, and perform draw-down trend analyses;
- consolidate monitoring efforts to provide a current assessment of each recipient's status in completing the six SLIGP priorities required by the Federal Funding Opportunity; and
- communicate periodically to SLIGP recipients their status of achieving program priorities.

We also recommended the NIST's Chief Information Officer

- develop and implement controls to ensure all data transfers are complete and timely.



UNITED STATES PATENT AND TRADEMARK OFFICE

The **United States Patent and Trademark Office** administers the nation's patent and trademark laws. Patents are granted and trademarks registered under a system intended to provide incentives to invent, invest in research, and commercialize new technology. USPTO also collects, assembles, publishes, and disseminates technological information disclosed in patents.

USPTO FY 2016 FINANCIAL STATEMENTS AUDITS (OIG-17-002-A, OIG-17-010-A)

KPMG LLP, an independent public accounting firm, performed the audit in accordance with U.S. generally accepted auditing standards, standards applicable to financial audits contained in *Government Auditing Standards*, and OMB Bulletin 15-02, *Audit Requirements for Federal Financial Statements*. In its financial statement audit report of USPTO (OIG-17-002-A), KPMG

- determined that the financial statements were fairly presented, in all material respects, and in conformity with U.S. generally accepted accounting principles;
- identified one significant deficiency in internal control over financial reporting related to weaknesses surrounding IT general controls in the areas of access controls and configuration management; and
- identified no instances of reportable noncompliance with applicable laws, regulations, and contracts.

As part of this audit, KPMG LLP evaluated general IT controls supporting USPTO's financial reporting and issued a separate IT report (OIG-17-010-A), which describes the deficiencies in general IT controls identified in the audit.

INADEQUATE SECURITY PRACTICES, INCLUDING IMPAIRED SECURITY OF CLOUD SERVICES, UNDERMINE USPTO'S IT SECURITY POSTURE (OIG-17-021-A)

The objective of this audit was to determine whether key security measures were in place to adequately protect USPTO systems that utilize databases to store business information.

We found USPTO's IT security posture was undermined due to inadequate security practices, including impaired security of cloud services. Specifically, USPTO (1) failed to implement the required security controls for cloud-based subsystems; (2) used non-Federal Risk and Authorization Management Program (FedRAMP) compliant cloud services without proper security assurance; and (3) deficiently implemented fundamental security controls, which increased the cybersecurity risk of USPTO systems.

We recommended the USPTO Chief Information Officer do the following:

- Take immediate action to implement and assess required security controls for the Global Patent Search Network, or discontinue operation of the subsystem.
- Follow the NIST Risk Management Framework process to ensure that required security controls are properly implemented and assessed on all cloud-based systems when using FedRAMP-compliant services.
- Establish processes to develop and maintain an accurate inventory of all cloud-based servers, and conduct routine vulnerability scanning, as required by Department and USPTO policies.
- Ensure all applicable security controls are implemented and assessed for all non-FedRAMP compliant services already in-use, or discontinue use of such services.
- Establish processes to determine the feasibility of obtaining sufficient assurance that the required controls are adequately implemented and assessed prior to using cloud-based services.

- Evaluate current strategy of replacing unsupported server operating systems, and develop and implement a plan to prioritize available resources for the component upgrade or replacement.
- Ensure unsupported databases are upgraded or replaced in a timely manner.
- Ensure accurate inventories of hardware and software products are established and maintained.
- Establish a process to ensure effective coordination between the Cybersecurity Division and operation teams to timely share critical security information, such as credentials and vulnerability scanning reports.
- Establish vulnerability scanning procedures that require credentialed scanning of all system components as required by Department and USPTO policies.
- Ensure passwords for user and database administrator database accounts meet the standards set by Department and USPTO policies.
- Ensure unauthorized ports are disabled for all USPTO systems.

DEPUTY IG TESTIMONY AT A HEARING BEFORE THE U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM, SUBCOMMITTEE ON GOVERNMENT OPERATIONS, ON TIME AND ATTENDANCE ABUSE AT THE U.S. PATENT AND TRADEMARK OFFICE

On December 7, 2016, David Smith, the Deputy Inspector General for the U.S. Department of Commerce, testified before a hearing of the U.S. House of Representatives Committee on Oversight and Government Reform, Subcommittee on Government Operations, focusing on “Time and Attendance Abuse at the U.S. Patent and Trademark Office.”

The Deputy Inspector General’s testimony focused on an OIG report issued in August 2016—*Analysis of Patent Examiners’ Time and Attendance* (report number 14-0990)—which detailed a minute-by-minute review of the work habits for virtually all of USPTO’s patent examiners. OIG conducted an extensive analysis of potential time and attendance abuse within the patent examiner ranks and offered insights to assist USPTO in preventing and detecting future abuse. The analysis compared the time examiners claimed for computer-related work on their certified time and attendance records against four sets of data that evidenced such work. For the hours that examiners claimed but lacked any supporting data—such as turning on their computer or using a government-issued ID to enter a USPTO building—OIG considered those hours to be “unsupported.” OIG included the data for around 8,400 examiners. Approximately 50 percent of the examiners analyzed teleworked full-time, 30 percent teleworked part-time, and 20 percent did not telework at all. The analysis focused on two overlapping periods: a 9-month period and a 15-month period. Over the 15-month period, the report identified approximately 288,000 hours not supported by the data, equating to over \$18 million in potential waste.

USPTO EMPLOYEE REMOVED FOR IMPROPER CONDUCT

In March 2017, the Department removed a USPTO employee from federal service for improper conduct that an OIG investigation identified. This investigation involved allegations that the USPTO employee conspired to purchase goods from home improvement stores and ship the merchandise abroad, via the employee's shipping company, using stolen credit card numbers for transactions. This investigation also involved allegations that the individual operated a personal business while on government time, using government property and resources. OIG substantiated all allegations and the individual was removed from federal service.

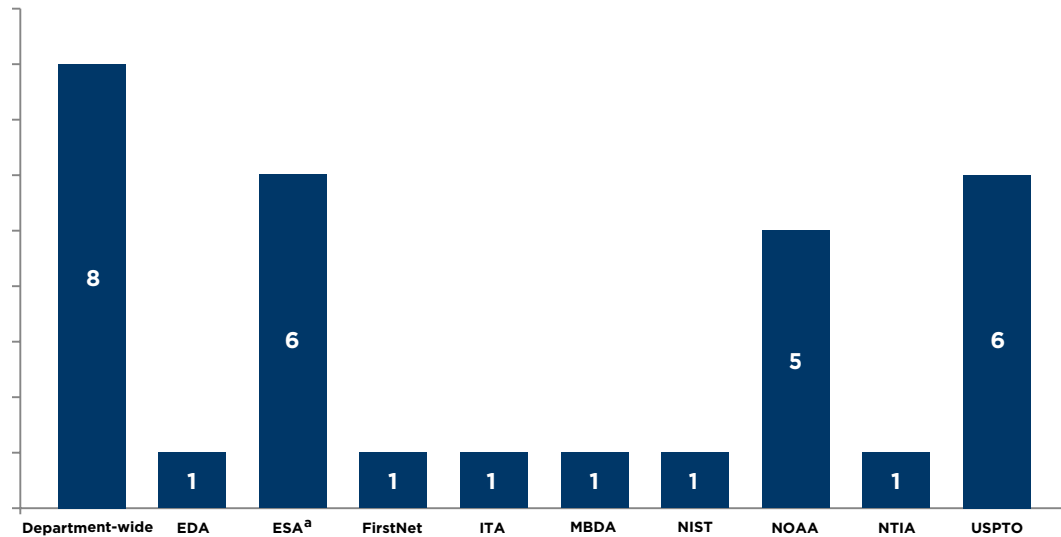
USPTO EMPLOYEE DEMOTED AND SUSPENDED FOR MISCONDUCT

In January 2017, the Department demoted a USPTO employee, as well as suspended the employee for 30 days, for misconduct identified during an OIG investigation. We found the employee misused a government computer to conduct personal business and viewed inappropriate material on multiple occasions over a significant period of time. OIG also learned, in 2012, this same employee had previously engaged in similar conduct and was disciplined (i.e., received counseling and was reprimanded). Our investigation substantiated the individual had repeatedly violated the Standards for Ethical Conduct for government employees and was disciplined accordingly. USPTO also agreed to continue to monitor the individual's computer usage going forward, per an OIG recommendation.

WORK IN PROGRESS

WORK IN PROGRESS (BY OVERSIGHT AREA)

During this reporting period, 31 OIG audit and evaluation projects were initiated or underway.



^a All six ESA works in progress concern the Census Bureau.

DEPARTMENT-WIDE

Audit of Selected Departmental Bureaus' ULOs

To evaluate the effectiveness of each operating unit's obligation and de-obligation review policies and procedures implemented since OIG's 2013 report *Monitoring of Obligation Balances Needs Strengthening* (OIG-13-026-A). The audit includes the following Departmental operating units: Bureau of Economic Analysis, ESA, BIS, ITA, Minority Business Development Agency (MBDA), Office of the Secretary, and the National Technical Information Service.

Audit of the Office of the Secretary Working Capital Fund (WCF)

To evaluate controls over the Office of the Secretary's WCF in FY 2016 and follow up on the related findings and recommendations identified in our previous audit of the fund.

Audit of FY 2017 Federal Information Security Management Act (FISMA) Compliance

To assess the effectiveness of the Department's information security program and practices.

Review of the Department's FY 2016 Compliance with Improper Payment Requirements

To determine the Department's compliance with the Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Improvement Act of 2012.

FY 2017 Cybersecurity Information Sharing Act (CISA) Audit

To review the actions of the Department to carry out cybersecurity-information sharing since CISA was enacted in December 2015.

Audit of Department's FY 2017 Consolidated Financial Statements

To monitor a contract auditor who will determine whether the financial statements are presented fairly, in all material respects, in accordance with the generally accepted accounting principles. The audit will also consider the Department's internal control over financial reporting and test compliance with certain provisions of laws, regulations, contracts, and grant agreements that could have a direct and material effect on the financial statements.

Audit of Department Implementation of *Uniform Guidance for Receiving and Processing Single Audits*

To evaluate the implementation of Departmental and bureau policies and procedures in meeting *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* requirements.

Audit Summary of Commerce ULOs Review

To determine the overall effectiveness of the Department and bureaus' ULO and deobligation review policies and procedures since our June 2013 report, *Monitoring of Obligation Balances Needs Strengthening* (OIG-13-026-A).

ECONOMIC DEVELOPMENT ADMINISTRATION

Audit of EDA's ULOs

To assess the effectiveness of EDA's ULO review policies and procedures implemented since OIG's 2013 report *Monitoring of Obligation Balances Needs Strengthening* (OIG-13-026-A).

ECONOMICS AND STATISTICS ADMINISTRATION

Audit of Census Bureau Contracts Awarded Using Other Than Full and Open Competition

To determine whether Census Bureau's contracting officials properly awarded noncompetitive contracts.

Audit of the Census Bureau's 2016 Address Canvassing Test

To review the Address Canvassing Test's cost and schedule, as well as in-field and in-office components of the test.

Audit of the Census Bureau Use of Blanket Purchase Agreements (BPAs)

To determine whether the Census Bureau established and administered BPAs in accordance with laws, regulations, and agency guidance.

Assessment of the Census Bureau's Implementation of the Risk Management Framework

To determine whether the Risk Management Framework methodology adopted by the Census Bureau presents an accurate picture of cybersecurity risks, including risks associated with common controls, to Bureau management.

Audit of 2020 Census Background Check Preparedness

To (1) assess the Bureau's internal policies and procedures for conducting background checks on temporary employees and (2) determine whether the Bureau has a plan in place to conduct

background checks for temporary employees who will be hired during the 2020 Census tests and decennial field operations that will occur as part of the actual decennial enumeration.

Audit of 2020 Census Local Office Leasing

To evaluate the Bureau's (1) criteria for determining the number and location of field offices and process for developing the criteria; (2) plan for using government-owned and government-leased office space and determine associated cost savings, if any; and (3) planned process for cooperation with GSA in implementing the Field Infrastructure operation, including the schedule of activities.

FIRST RESPONDER NETWORK AUTHORITY

Audit of FirstNet's Management of Band 14 Incumbent Spectrum Relocation Grant Program

To evaluate FirstNet's management of the Band 14 Incumbent Spectrum Relocation Grant Program.

INTERNATIONAL TRADE ADMINISTRATION

Audit of ITA's Cloud-Based Systems Security Posture

To determine whether key security measures are in place to adequately protect ITA systems that utilize cloud computing services.

MINORITY BUSINESS DEVELOPMENT AGENCY

Audit of MBDA's Management of Grant Programs

To (1) evaluate controls over application review and award approval processes for the MBDA Business Center (MBC) program, (2) review processes for monitoring performance and compliance with programmatic requirements for MBC awards, and (3) determine whether performance accomplishments reported by MBCs are supported and verified.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

Audit of NIST Security and Foreign National Access

To review NIST compliance with foreign national access policies and procedures of NIST facilities and information systems.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Audit of NOAA Real Property Management

To assess whether NOAA is effectively managing its portfolio of real property, by reviewing management's monitoring of deferred maintenance and real property utilization.

Audit of NOAA's Ship Fleet Maintenance and Repair

To determine whether the NOAA Office of Marine and Aviation Operations coordinates ship maintenance and repairs of its fleet using the Shipboard Automated Maintenance Management system.

Audit of NOAA's Use of BPAs

To determine whether NOAA established and administered BPAs in accordance with laws, regulations, and agency guidance.

Audit of Joint Polar Satellite System (JPSS) Program Performance and Polar Follow-On (PFO) Baseline Establishment

To assess the cost, schedule, and technical performance of selected components of the JPSS program, as well as the establishment of PFO program baselines.

Review of NOAA Fisheries Stock Assessment

To identify the inventory of stock assessments and scientific models used to estimate the population of various fish stocks by NOAA's National Marine Fisheries Service, Office of Science and Technology.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

Audit of Efforts Associated with Completing the LA-RICS Project

To assess the effectiveness of the NTIA's oversight of its grant award to the Los Angeles Regional Interoperable Communications System (LA-RICS) Authority.

U.S. PATENT AND TRADEMARK OFFICE

Audit of Patent Trial and Appeal Board (PTAB) Trial and Appeal Pendencies

To evaluate USPTO's process to measure and report PTAB trial and appeal pendencies.

Audit of USPTO's Performance Indicators for Prioritized Countries

To assess USPTO's process to select prioritized countries of interest in need of improved intellectual property protection and enforcement, and to determine whether USPTO's performance indicators for selected prioritized countries are measured and reported appropriately.

Audit of USPTO's Trademark Next Generation Program Management

To determine whether USPTO provided effective program management of the Trademark Next Generation implementation.

Audit of USPTO's FY 2017 Financial Statements

To monitor a contract auditor who will determine whether the financial statements are presented fairly, in all material respects, in accordance with the generally accepted accounting principles. The audit will also consider USPTO's internal control over financial reporting and test compliance with certain provisions of laws, regulations, and contracts that could have a direct and material effect on the financial statements.

Audit of USPTO's Monetary Awards for Patent Examiners

To determine whether USPTO granted monetary awards in compliance with the relevant award criteria and were sufficiently documented.

Follow-up Audit on Recommendations from Audit Report No. OIG-13-032-A, USPTO Successfully Implemented Most Provisions of the America Invents Act, but Several Challenges Remain

To determine whether USPTO has taken appropriate corrective actions on recommendations made in report OIG-13-032-A.

STATISTICAL DATA

The Inspector General Act of 1978, as amended, requires us to present the statistical data contained in the following:

TABLES	PAGE
1. Office of Investigations Statistical Highlights for This Period	35
2. Audit Resolution and Follow-Up	36
3. Audit, Evaluation, and Inspection Statistical Highlights for This Period	36
4. Audits with Questioned Costs	37
5. Audits with Recommendations That Funds Be Put to Better Use	37
6. Report Types for This Period	38
6-a. Performance Audits	39
6-b. Financial Statements Audits	40
6-c. Evaluations and Inspections	40
6-d. Financial Assistance Audits	40
7. Summary of Unimplemented and Unresolved Recommendations by Operating Unit	41
7-a. Unimplemented Recommendations from Audit, Evaluation, and Inspection Reports	42–56
7-b. Unresolved FY 2017 Recommendations from Audit, Evaluation, and Inspection Reports	57–60
8. Reports on Investigations Concerning Senior Government Employees	61
9. Description of Closed and Non-Public Inspections, Evaluations, Audits, and Certain Investigations (Inspections, Evaluations, and Audits)	61
10. Description of Closed and Non-Public Inspections, Evaluations, Audits, and Certain Investigations (Investigations)	62

TABLE 1. OFFICE OF INVESTIGATIONS STATISTICAL HIGHLIGHTS FOR THIS PERIOD

Investigative activities cover investigations opened and closed by OIG; arrests by OIG agents; indictments and other criminal charges filed against individuals or entities as a result of OIG investigations; convictions secured at trial or by guilty plea as a result of OIG investigations; and fines, restitution, and all other forms of financial recoveries achieved by OIG as a result of investigative action.

Allegations processed present the number of complaints from employees, stakeholders, and the general public that were handled by our Complaint Intake Unit. Of these, some resulted in the opening of investigations; others were referred to bureaus for internal administrative follow-up. Others were unrelated to departmental activities or did not provide sufficient information for any investigative follow-up and so were not accepted for investigation or referral. Fines and other financial recoveries refer only to agreements that a judge accepted.

Allegations Received	
Total hotline contacts	787 ^a
Of which, are complaints related to Commerce programs	460
Number of hotline referrals to Commerce management	244
Investigative Caseload	
Investigations opened this period	33
Investigations closed/completed this period	55
Investigations in progress as of March 31, 2017	84 ^b
Reports	
Total number of investigative reports issued during the reporting period	6 ^c
Prosecutive Actions and Monetary Results	
Total number of individuals or entities referred to the Department of Justice for criminal prosecution	13
Total number of entities referred to state/local prosecuting authorities	2
Indictments/Informations	3
Convictions	3
Monetary recoveries (fines, restitution, settlements, judgments)	\$8,708,122 ^d
Administrative Actions	
Suspension/Debarment	0
Disciplinary action	47

^a This figure does not include 7,250 spam received by the OIG hotline.

^b This figure excludes 22 cases pending Department of Justice prosecution or agency action.

^c This figure represents the total number of investigative reports issued to Departmental agencies for administrative action.

^d A portion of this total is derived from our participation in joint investigations with other agencies. This figure also includes administrative recoveries obtained based upon our investigative activities.

TABLE 2. AUDIT RESOLUTION AND FOLLOW-UP

The Inspector General Act of 1978, as amended, requires us to present in this report audits issued before the beginning of the reporting period (October 1, 2016) for which no management decision had been made by the end of the period (March 31, 2017). No audit reports remain unresolved for more than 6 months for this reporting period.

Audit resolution is the process by which the Department of Commerce reaches an effective management decision in response to audit reports. **Management decision** refers to management's evaluation of the findings and recommendations included in the audit report and the issuance of a final decision by management concerning its response.

Department Administrative Order 213-5, *Audit and Evaluation Resolution and Follow-up*, provides procedures for management to request a modification to an approved audit action plan or for a financial assistance recipient to appeal an audit resolution determination. There was no modification and appeal activity during the 6-month period ending March 31, 2017. The following table summarizes modification and appeal activity during the reporting period.

Report Category	Modifications	Appeals
Actions pending (October 1, 2016)	0	0
Submissions	0	0
Decisions	0	0
Actions pending (March 31, 2017)	0	0

TABLE 3. AUDIT, EVALUATION, AND INSPECTION STATISTICAL HIGHLIGHTS FOR THIS PERIOD

Audits comply with standards established by the Comptroller General of the United States for audits of federal establishments, organizations, programs, activities, and functions.

Evaluations and inspections include evaluations, inquiries, and similar types of reviews that do not constitute an audit or a criminal investigation.

Questioned costs ^a	\$20,052,723
Value of audit recommendations that funds be put to better use ^b	\$18,907,375
Total potential monetary benefits	\$38,960,098
Value of audit recommendations agreed to by management ^c	\$ 7,155,467

^a **Questioned cost:** This is a cost questioned by OIG because of (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (3) a finding that an expenditure of funds for the intended purpose is unnecessary or unreasonable.

^b **Value of audit recommendations that funds be put to better use:** This results from an OIG recommendation that funds could be used more efficiently if Department management took action to implement and complete the recommendation. Such actions may include (1) reductions in outlays; (2) deobligation of funds from programs or operations; (3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (4) costs not incurred by implementing recommended improvements related to the Department, a contractor, or a grantee; (5) avoidance of unnecessary expenditures identified in pre-award reviews of contracts or grant agreements; or (6) any other savings specifically identified.

^c **Value of audit recommendations agreed to by management:** This is the sum of (1) disallowed costs and (2) funds put to better use that are agreed to by management during resolution. Disallowed costs are the amount of costs that were questioned by the auditors or the agency action official and subsequently determined—during audit resolution or negotiations by a contracting officer—not to be charged to the government.

TABLE 4. AUDITS WITH QUESTIONED COSTS

See table 3 for a definition of “questioned cost.” An **unsupported cost** is a cost that is not supported by adequate documentation at the time of the audit. Questioned costs include unsupported costs.

Report Category	Number	Questioned Costs (\$)	Unsupported Costs (\$)
A. Reports for which no management decision had been made by the beginning of the reporting period	0	0	0
B. Reports issued during the reporting period	2	\$20,052,723	\$12,314
Total reports (A+B) requiring a management decision during the period	2	\$20,052,723	\$12,314
C. Reports for which a management decision was made during the reporting period ^a	0	0	0
i. Value of disallowed costs		0	
ii. Value of costs not disallowed		0	0
D. Reports for which no management decision had been made by the end of the reporting period	2	\$20,052,723	\$12,314

^a In category C, lines i and ii do not always equal the total in line C because resolution may result in values greater than the original recommendations.

TABLE 5. AUDITS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

See table 3 for a definition of “recommendation that funds be put to better use.”

Report Category	Number	Value (\$)
A. Reports for which no management decision had been made by the beginning of the reporting period	1	\$18,128
B. Reports issued during the reporting period	3	\$18,907,375
Total reports (A+B) requiring a management decision during the period	4	\$18,925,503
C. Reports for which a management decision was made during the reporting period ^a	2	\$7,155,467
i. Value of recommendations agreed to by management		\$7,155,467
ii. Value of recommendations not agreed to by management		0
D. Reports for which no management decision had been made by the end of the reporting period	2	\$11,770,036

^a In category C, lines i and ii do not always equal the total in line C because resolution may result in values greater than the original recommendations.

TABLE 6. REPORT TYPES FOR THIS PERIOD

Performance audits are engagements that provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Evaluations and inspections include evaluations, inquiries, and similar types of reviews that do not constitute an audit or investigation. An inspection is defined as a process that evaluates, reviews, studies, or analyzes the programs and activities of a department or agency to provide information to managers for decision making; makes recommendations for improvements to programs, policies, or procedures; and identifies where administrative action may be necessary.

Type	Number of Reports	Table Number
Performance audits	9	Table 6-a
Financial statements audits	5	Table 6-b
Evaluations and inspections	4	Table 6-c
Financial assistance audits	1	Table 6-d
Total	19	

TABLE 6-A. PERFORMANCE AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
Economic Development Administration					
EDA Public Works and Economic Adjustment Assistance Grant Recipient Selections Were Generally Made Competitively But Its Merit-Based Selection Process Can Be Further Improved	OIG-17-019-A	03.14.2017	0	0	0
Economics and Statistics Administration					
2020 Census: Census Bureau Needs to Improve Controls over Administrative Records	OIG-17-022-A	03.29.2017	0	0	0
International Trade Administration					
Enforcement and Compliance Needs to Update and Consistently Implement Its Quality Assurance Policies and Practices	OIG-17-017-A	02.28.2017	0	0	0
National Oceanic and Atmospheric Administration					
National Weather Service's Oversight of Service Contracts, Document Retention, and Reporting Needs Improvement	OIG-17-007-A	11.30.2016	0	0	0
Audit of the Geostationary Operational Environmental Satellite-R Series: Improvements in Testing, Contract Management, and Transparency Are Needed to Control Costs, Schedule, and Risks	OIG-17-013-A	02.02.2017	\$3,943,450	\$20,040,409	0
NOAA Reviews of Unliquidated Obligations Could Be Improved with Greater Review Frequency and Additional Documentation	OIG-17-014-A	02.03.2017	\$7,826,586	0	0
National Telecommunications and Information Administration					
NTIA Has Significantly Reduced Its Unliquidated Obligation Balances But Can Further Strengthen Review and Documentation Procedures	OIG-17-011-A	12.22.2016	\$7,137,339	0	0
Expanding Monitoring Controls Will Strengthen the Management of the State and Local Implementation Grant Program (SLIGP)	OIG-17-018-A	03.14.2017	0	0	0
U.S. Patent and Trademark Office					
Inadequate Security Practices, Including Impaired Security of Cloud Services, Undermine USPTO's IT Security Posture	OIG-17-021-A	03.24.2017	0	0	0

TABLE 6-B. FINANCIAL STATEMENTS AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
Office of the Secretary					
Department of Commerce FY 2016 Consolidated Financial Statements	OIG-17-003-A	11.15.2016	0	0	0
Review of Information Technology Controls in Support of the Fiscal Year 2016 Department of Commerce Consolidated Financial Statements Audit	OIG-17-009-A	12.09.2016	0	0	0
FY 2016 Closing Package Financial Statements	OIG-17-005-A	11.28.2016	0	0	0
U.S. Patent and Trademark Office					
U.S. Patent and Trademark Office Fiscal Year 2016 Financial Statements	OIG-17-002-A	11.15.2016	0	0	0
Review of Information Technology Controls in Support of the Fiscal Year 2016 USPTO Financial Statements Audit	OIG-17-010-A	12.09.2016	0	0	0

TABLE 6-C. EVALUATIONS AND INSPECTIONS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
Economics and Statistics Administration					
2020 Census: 2016 Census Test Indicates the Current Life-Cycle Cost Estimate Is Incomplete and Underestimates Nonresponse Followup Costs	OIG-17-020-I	03.16.2017	0	0	0
Office of the Secretary					
Biweekly Reporting on Conference Spending by the Department of Commerce	OIG-17-006-M	12.02.2016	0	0	0
DATA Act Readiness Review	OIG-17-015-I	02.17.2017	0	0	0
2017 Annual Letter to OMB re: Government Charge Card Abuse Prevention Act of 2012	OIG-17-012-M	01.31.2017	0	0	0

TABLE 6-D. FINANCIAL ASSISTANCE AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
National Oceanic and Atmospheric Administration					
Audit of Coastal Protection and Restoration Authority Grant Award NA11NMF4630150	OIG-17-004-A	11.16.2016	0	\$12,314	\$12,314

TABLE 7. SUMMARY OF UNIMPLEMENTED AND UNRESOLVED RECOMMENDATIONS BY OPERATING UNIT

None of the following tables include classified or sensitive nonpublic recommendations, recommendations from recurring, annual audits (such as financial statement audits), or those addressed to specific non-federal entities in connection with audits of financial assistance awards.

Resolved but unimplemented recommendations are those for which (a) the operating unit(s) agreed to OIG recommendations and (b) OIG approved the action plan. Columns 2 through 5 of table 7 provides details on resolved but unimplemented recommendations.

Unresolved recommendations include those with no approved action plan as of March 31, 2017, and those for which the action plans are not due until after March 31, 2017. Columns 6 through 7 of table 7 provides details on only “unresolved” recommendations.

During FYs 2011–2014, OIG issued 62 products with 358 total recommendations. As of March 31, 2017, 26, or 7 percent of these recommendations were resolved but still unimplemented. One of these recommendations had potential monetary benefits of \$157,000.

There were 43 products issued in FYs 2015–2016 and 3 products issued in FY 2017 that had 199 total recommendations. As of March 31, 2017, 68, or 34 percent of these recommendations were resolved but still unimplemented. Potential monetary benefits of \$57,177,713 were associated with 4 of these recommendations.

There were 10 products issued in FY 2017 that have 48 total recommendations that are unresolved (and unimplemented) as of March 31, 2017. Potential monetary benefits of \$31,822,759 are associated with 4 of these unresolved recommendations.

Operating Unit	Subtotal Unimplemented Recs Issued FYs 2011–2014	Potential Monetary Benefits of Unimplemented Recs Issued FYs 2011–2014	Subtotal Unimplemented Recs Issued FYs 2015–2017 with Action Plan	Potential Monetary Benefits of Unimplemented Recs Issued FYs 2015–2017	Subtotal FY 2017 Recs Awaiting Action Plan	Potential Monetary Benefits of FY 2017 Recs Awaiting Action Plan
Bureau of Economic Analysis	0	0	0	0	0	0
Bureau of Industry and Security	0	0	0	0	0	0
Economic Development Administration	5	0	7	\$46,458,670	2	0
Economics and Statistics Administration	12	0	4	0	9	0
First Responder Network Authority	0	0	8	0	0	0
International Trade Administration	0	0	5	0	4	0
Minority Business Development Agency	0	0	0	0	0	0
National Institute of Standards and Technology	0	0	3	0	0	0
National Oceanic and Atmospheric Administration	0	0	21	0	15	\$31,822,759
National Technical Information Service	0	0	0	0	0	0
National Telecommunications and Information Administration	5	\$157,000	5	\$10,663,395	4	0
Office of the Secretary	4	0	13	\$55,648	2	0
U.S. Patent and Trademark Office	0	0	2	0	12	0
TOTAL	26	\$157,000	68	\$57,177,713	48	\$31,822,759

TABLE 7-A. UNIMPLEMENTED RECOMMENDATIONS FROM AUDIT, EVALUATION, AND INSPECTION REPORTS

Table 7-a does not include classified or sensitive nonpublic recommendations, recommendations from recurring, annual audits (like financial statement audits), or those addressed to specific non-federal entities in connection with audits of financial assistance awards.

OIG defines a **resolved but unimplemented recommendation** as one (a) to which the operating unit(s) agreed to OIG recommendations and (b) for which OIG approved the action plan submitted by the operating unit(s). Table 7-a lists recommendations that are “resolved” but unimplemented.

For reports that were issued between June 2011 and December 2016, as of March 31, 2017, there were still 33 performance audit, evaluation, and inspection reports that had 94 resolved but unimplemented recommendations. As of March 31, 2017:

- For reports issued between June 2011 and September 2014, there were still 7 reports that had 26 resolved but unimplemented recommendations. Potential monetary benefits of \$157,000 were associated with 1 unimplemented recommendation.
- For reports issued between October 2014 and December 2016 there were still 26 reports that had 68 resolved but unimplemented recommendations. Potential monetary benefits of \$57,177,713 were associated with 4 unimplemented recommendations.

Recommendations from all performance audit, evaluation, and inspection reports issued prior to FY 2011 have been implemented.

For summaries of reports that were issued during this semiannual reporting period, see pages 2–29.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
06.27.2011	OIG-11-030, <i>Census 2010: Final Report to Congress</i>	19	19	2	0

Objective(s)

We conducted this work pursuant to the explanatory statement accompanying the Supplemental Appropriations Act of 2008, which required the Census Bureau to submit to the Senate and House Committees on Appropriations a detailed decennial plan and assessment of associated risks, and also required OIG to provide quarterly reports on the Bureau’s progress against this plan. Chief among our efforts were our direct observations of 2010 field operations and our quarterly reports to Congress, which began in August 2009 and conclude with the issuance of this, our sixth and final report.

Summary

In this report, we provided the results of our oversight of the 2010 Census and outlined challenges Census must address in order to perform a more cost-effective and accurate 2020 Census.

Unimplemented Recommendation(s)

Recommendation 8: Increase the sample size of the American Community Survey (or other surveys) to use as a test environment for conducting smaller tests of new processes, procedures, and systems.

Recommendation 15: Develop acquisition lifecycle oversight procedures to manage project risk that correspond to government and industry best practices.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
05.10.2012	OIG-12-024, High-Quality Maps and Accurate Addresses Are Needed to Achieve Census 2020 Cost-Saving Goals	5	5	5	0

Objective(s)

Our objectives were to (1) review the Bureau's progress on its 2010 geographic initiative, (2) evaluate the impact of various address-updating operations on the MAF/TIGER* database (MTdb) and identify trends that introduced error, and (3) review Census's procedures for updating the map and address files.

Finding(s)

We found that (1) the 2010 Census geographic initiative fell short, raising concerns about cost-saving measures for the 2020 Census, (2) Census relied on expensive end-of-decade operations to validate millions of postal service addresses in the MTdb, and (3) Census's process of updating addresses by using the most recent address may result in a lower quality address list.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Director of the Census Bureau develop an MTdb measure for determining address list quality at a low level of geography that (a) provides a fair and equal opportunity for targeting selection, (b) drives selection and planning decisions, and (c) is well-documented and verifiable.

Recommendation 2: We recommend that the Director of the Census Bureau work with the Department to determine the feasibility of improving methods of sharing MTdb information throughout the decade with governmental entities (partners) to create a uniform, national address list.

Recommendation 3: We recommend that the Director of the Census Bureau investigate and remedy the exclusion of 500,000 ungeocoded address records, which had been designated as valid U.S. Postal Service delivery addresses, from the 2010 Census.

Recommendation 4: We recommend that the Director of the Census Bureau conduct the necessary research, develop a proven methodology, and allocate the necessary funds to continuously reduce the number of ungeocoded records throughout the decade.

Recommendation 5: We recommend that the Director of the Census Bureau develop and implement quality indicator tools, including use of administrative records, to ensure that updates to the MAF are accurate.

*MAF – Master Address File / TIGER – Topologically Integrated Geographic Encoding and Referencing system

06.26.2013	OIG-13-027, Malware Infections on EDA's Systems Were Overstated and the Disruption of IT Operations Was Unwarranted	6	6	5	0
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Objective(s)

Our objective was to evaluate EDA's information security program and its recovery activities in relation to EDA's cyber incident.

Finding(s)

We found (1) EDA based its critical cyber-incident response decisions on inaccurate information, (2) deficiencies in the Department's incident response program impeded EDA's incident response, and (3) misdirected efforts hindered EDA's IT system recovery.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Deputy Assistant Secretary for EDA identify EDA's areas of IT responsibility and ensure the implementation of required security measures.

Recommendation 2: We recommend that the Deputy Assistant Secretary for EDA determine whether EDA can reduce its IT budget and staff expenditures, through the increased efficiencies of EDA's involvement in the Department's shared services.

Recommendation 4: We recommend that the Department's Chief Information Officer ensure the Department of Commerce (DOC) Computer Incident Response Team (CIRT) can appropriately and effectively respond to future cyber incidents.

Recommendation 5: We recommend that the Department's Chief Information Officer ensure incident response procedures clearly define DOC CIRT as the incident response coordinator for the bureaus relying on DOC CIRT's incident response services.

Recommendation 6: We recommend that the Department's Chief Information Officer ensure that DOC CIRT management has proper oversight and involvement in cyber incidents to ensure that required incident response activities take place.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
12.03.2013	OIG-14-003 , <i>2020 Census Planning: Research Delays and Program Management Challenges Threaten Design Innovation</i>	8	8	3	0

Objective(s)

Our audit objectives for reviewing the 2020 Census research program were to (1) assess the implementation status of each individual project in the 2020 Census design effort, including the extent of implementation, time frames for completion, milestones, deliverables, and impact on the overall design program, (2) assess the Bureau's plans to evaluate each research project, including whether accurate and reliable data will be available to determine each project's impact on design efforts, and (3) determine if governance and internal controls are adequate to manage the design effort.

Finding(s)

We found that (1) the current Census schedule shows research delays and lacks budget integration, (2) research quality assurance strategy is undeveloped, and (3) program management plans incorporate best practices, but implementation is inconsistent.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Director of the Census Bureau determine when 2020 Census design decisions must be made; adhere to an activity schedule that aligns with those decision points; and develop a critical path for the 2020 Census research and testing (R&T) schedule.

Recommendation 6: We recommend that the Director of the Census Bureau create a more structured process for R&T review by drafting guidelines that specify responsibilities of the Scientific and Methodological review panels and the research teams; requirements for documenting interaction between research teams and panels; and an approval process that includes documentation of the panel's findings, recommendations, and endorsements of the team's work at key stages of the research.

Recommendation 7: We recommend that the Director of the Census Bureau ensure research outputs are usable and on time to drive the trade-off analysis process and develop a vehicle for communicating key decisions and events, as well as a policy for determining which decisions and events should be communicated and what the content should be.

04.24.2014	OIG-14-017 , <i>Inadequate Practice and Management Hinder Incident Detection and Response</i>	4	4	4	0
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Objective(s)

Our objective was to determine whether key security measures are in place to adequately monitor networks, detect malicious activities, and handle cyber incidents.

Finding(s)

We found that (1) bureaus' actions in response to suspicious network activities may not stop cyber attacks in a timely manner and (2) lack of collaboration prevents the bureaus from realizing full benefits of incident detection and response capabilities provided by Managed Trusted Internet Protocol Services (MTIPS).

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Department's Chief Information Officer work with the bureaus' management to ensure that bureaus follow NIST's Computer Security Incident Handling Guide to take timely action in response to potential cyber attacks.

Recommendation 2: We recommend that the Department's Chief Information Officer work with the bureaus' management to ensure that bureaus without around-the-clock Security Operations Center (SOC) coverage work with the MTIPS provider to evaluate MTIPS services to fill gaps in SOC coverage after business hours.

Recommendation 3: We recommend that the Department's Chief Information Officer work with the bureaus' management to ensure that bureaus interact with the MTIPS provider to (a) explore opportunities that leverage MTIPS services to reduce or eliminate security services currently handled by the bureau and (b) ensure that MTIPS security services are fully delivered and effectively utilized.

Recommendation 4: We recommend that the Department's Chief Information Officer work with the bureaus' management to determine the feasibility and cost effectiveness of independently assessing incident management capabilities at all bureaus' SOCs.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
05.21.2014	OIG-14-021 , <i>The Census Bureau Lacks Accurate and Informative Cost Data to Guide 2020 Census Research Through a Constrained Budget Environment</i>	4	4	2	0

Objective(s)

We conducted this audit to (1) evaluate the Bureau's process for implementing mandatory budget reductions, (2) assess the effects of these reductions on the Bureau's ability to reduce the per-household cost of the 2020 Census, and (3) evaluate the roles of the Department and ESA in monitoring the Bureau's progress toward this goal.

Finding(s)

We found that (1) due to inaccurate cost information, the impact of budget reductions cannot be determined, (2) budget fund transfers prevent the Bureau from validating budget estimates and identifying inaccurate project costs, (3) the Decennial Program does not have support for budget requests, and (4) ESA should develop a stronger oversight process for monitoring the Decennial Program's progress in reducing 2020 decennial census costs.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Director of the Census Bureau develop a process to ensure project costs reflect actual level of effort (a) in the short term, by requiring all Census employees to accurately record project hours through webTA, and (b) in the long term, by implementing an activity-based costing system, with appropriate internal controls, that reflects actual project cost and reconciles with the accounting system.

Recommendation 3: We recommend that the Director of the Census Bureau develop a process to validate budget estimates that (a) incorporates actual costs recorded in the accounting system and (b) uses budget-to-actual-cost information to identify incorrect project charges.

06.25.2014	OIG-14-023 , <i>Excess Equipment, Weaknesses in Inventory Management, and Other Issues in BTOP Infrastructure Projects</i>	5	5	5	\$157,000 Funds to Be Put to Better Use
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Objective(s)

Our objectives were to determine whether (1) NTIA has the personnel and processes in place to effectively monitor recipient's equipment acquisitions, including security, inventory controls, and report submittals, (2) recipients have appropriately acquired, tested, and implemented the most effective equipment, and (3) recipients are on track to complete their projects on schedule and achieve project goals.

Finding(s)

We found that (1) site visits identified problems with excess equipment, inventory management, and network design and (2) technical oversight of Broadband Technology Opportunities Program (BTOP) grant recipients needs to be strengthened.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 3)

Recommendation 1: We recommend that the Assistant Secretary for Communications and Information direct NTIA personnel to ensure that BTOP grant recipients have devised effective inventory internal controls.

Recommendation 2: We recommend that the Assistant Secretary for Communications and Information direct NTIA program officers to review their awards and, where appropriate, ensure that BTOP grant recipients obtain agreements with all community anchor institutions to secure federal interests in all BTOP equipment.

Recommendation 3: We recommend that the Assistant Secretary for Communications and Information direct NTIA program officers to work with grant recipients to assess equipment acquisitions to ensure that (1) the justification on the use and benefit of the equipment is adequate and (2) the purchases are allowable.

Potential monetary benefit: \$157,000 funds to be put to better use.

Recommendation 4: We recommend that the Assistant Secretary for Communications and Information direct NTIA personnel to work with recipients to identify and employ best practices in network design and risk mitigation strategies for networks in which reliability is a concern.

Recommendation 5: We recommend that the Assistant Secretary for Communications and Information direct NTIA personnel to assess its staff's ability to provide technical expertise in order to ensure that awards with complex issues are receiving appropriate oversight.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
10.14.2014	OIG-15-001, <i>Audit of the Department's Cloud Computing Efforts Identified Contractual Deficiencies</i>	2	2	1	0

Objective(s)

Our audit objectives were to evaluate the Department's efforts to adopt cloud computing technologies and to review executed contracts between the Department's bureaus and cloud service providers for compliance with applicable standards.

Finding(s)

We found that (1) cloud-computing contracts are missing required clauses and (2) the Department's cloud services are not FedRAMP-compliant.

Unimplemented Recommendation(s)

Recommendation 2: We recommend that the Department's Chief Information Officer ensure that Commerce bureaus employing cloud services that do not meet FedRAMP requirements conduct effective continuous monitoring of the services' security controls in order to minimize potential risks.

12.05.2014	OIG-15-013, <i>FirstNet Must Strengthen Management of Financial Disclosures and Monitoring of Contracts</i>	4	4	2	0
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Objective(s)

Our overall objective was to review ethics- and procurement-related matters in response to concerns raised by a FirstNet Board member in April 2013. Specifically, we sought to determine whether the Department (a) had adequate processes in place to ensure that FirstNet Board members properly filed financial disclosures and identified potential conflicts of interest, and (b) used the appropriate contract type, fairly awarded and appropriately administered FirstNet contracts, ensured services purchased under those contracts met industry standards, and were consistent with contract requirements.

Finding(s)

We found that (1) the Department's confidential and public disclosure monitoring procedures were inadequate, (2) Board members did not file timely public financial disclosure reports, (3) FirstNet Board operational procedures for monitoring potential conflicts of interest need improvement, and (4) FirstNet contracts were awarded without competition or sufficient oversight of hiring—and were not adequately monitored.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Secretary determine whether any of the financial disclosure noncompliance issues identified in our audit require additional administrative action.

Recommendation 2: We recommend that the General Counsel conduct a review of OGC internal controls pertaining to financial disclosure and conflict of interest at FirstNet, pursuant to the Designated Agency Ethics Official's responsibilities described in the Code of Federal Regulations.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
06.05.2015	OIG-15-031, <i>EDA Faces Challenges in Effectively Monitoring Its Revolving Loan Funds</i>	8	8	7	\$46,458,670 Funds to Be Put to Better Use

Objective(s)

Our audit objectives were to determine whether EDA effectively responds to performance problems and changes to distressed or underserved communities within the Revolving Loan Fund (RLF) program.

Finding(s)

We found that (1) EDA did not aggressively respond to noncompliant RLFs, exposing agency funds to misuse and economic loss and (2) inflexibility in current RLF regulations and limited resources reduce EDA's ability to effectively oversee problematic or underutilized RLFs.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 3)

Recommendation 1: We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to reimplement Revolving Loan Fund Management System or a replacement system that includes standard grantee reporting, program monitoring, and file maintenance.

Recommendation 2: We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to develop an improved process for monitoring grantee sequestrations of excess funds, default rates, and semiannual reporting requirements, as well as timely corrective actions for noncomplying RLFs.

Recommendation 3: We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to document determinations on whether RLFs with multiple periods of excess funds should be terminated, transferred, or consolidated—or have funds partially deobligated or transferred from them.
Potential monetary benefits: \$46,458,670 funds to be put to better use.

Recommendation 4: We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to develop a staffing plan to balance the workload of RLF administrators.

Recommendation 5: We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to develop an improved process for identifying required single audits and enforcing the consequences of noncompliance.

Recommendation 6: We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to identify projects with RLF plans more than 5 years old and document determinations on whether those plans require modifications—including determinations on whether a need for the RLF still exists in a particular location or whether funds should be transferred.

Recommendation 7: We recommend that the Assistant Secretary of Commerce for Economic Development direct the appropriate EDA regional officials to document considerations and potential consequences of possible RLF program adjustments, including defederalization of funds, transferring funds to other EDA programs, and sunset provisions.

06.11.2015	OIG-15-032, <i>Cost Estimates, Long-Term Savings, Milestones, and Enterprise Architecture Policy Are Needed for Common Satellite Ground System Program</i>	9	9	1	0
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Objective(s)

Our objectives for this review were to determine (1) the progress of NOAA's planning efforts and milestones for implementing a common satellite ground system architecture (i.e., an enterprise architecture), and (2) whether NOAA's plans and efforts provide adequate consideration for system redundancy, security, and scalability.

Finding(s)

We found that (1) enterprise architecture planning is underway, but cost estimates are needed to determine appropriate investment reviews and reporting, (2) planning is following best practices, but return on investment and plans and milestones beyond 2016 are yet to be determined, and (3) NESDIS is mostly compliant with enterprise architecture guidance, but improvements are needed to enhance institutional commitment, quality assurance, information sharing, and IT security planning.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the NOAA Administrator develop a Ground Enterprise Architecture Services program cost estimate based on a defined time frame.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
08.06.2015	OIG-15-034 , <i>The Department Must Strengthen Controls over Premium-Class Travel Justification, Approval, and Reporting</i>	7	7	2	\$55,648 Questioned Costs

Objective(s)

The objective of this audit was to evaluate controls over the Department's premium-class travel spending.

Finding(s)

We found that (1) premium-class travel was not properly supported and/or justified, (2) unauthorized officials approved use of premium-class travel, and (3) premium-class travel reported to GSA was inaccurate/incomplete.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)

Recommendation 1: We recommend that the Chief Financial Officer and Assistant Secretary for Administration revise relevant Departmental directives, such as Department Administrative Order 215-10, to include policies and procedures that all operating unit reasonable accommodation coordinators (RACs) must follow when coordinating with a traveler's supervisor on the use of premium-class travel accommodations due to a medical necessity. The directives should specifically address (a) requests for premium-class travel accommodations when the traveler has a medical disability, (b) requests for premium-class travel accommodations when the traveler has a special need, (c) elements required to be contained in medical certification statements, including those mandated by the FTR, (d) updates to certifications based on the duration of the condition (transitory or lifetime), and (e) documentation of RACs analysis regarding appropriateness of premium-class travel accommodations, as well as rationale or basis for decision. Potential monetary benefits: \$55,648 questioned costs.

Recommendation 2: We recommend that the Chief Financial Officer and Assistant Secretary for Administration develop a standardized training protocol for RACs to (a) educate them on the revised policies and procedures and (b) provide implementation guidance to ensure that operating unit RACs obtain FTR-compliant certifications, as well as document the basis for each decision made regarding the appropriateness of premium-class travel accommodations.

12.18.2015	OIG-16-012 , <i>Broadband Technology Opportunities Program Recipients Retaining Excess Equipment at End of Projects</i>	3	3	3	\$3,526,056 Questioned Costs
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Objective(s)

The purpose of our audit was to assess the effectiveness of NTIA's procedures for identifying and disposing of inventories of excess BTOP equipment.

Finding(s)

We found that (1) BTOP recipients had \$3.5 million in excess equipment and (2) recipients improperly retained equipment disposal proceeds. Additionally, we noted that expired projects were not closed out in a timely manner.

Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)

Recommendation 1: We recommend that the Assistant Secretary for Communications and Information of the NTIA make a determination on the need for the \$3.5 million in excess inventories, including making sure that the state recipients are following their respective state laws and procedures.

Potential monetary benefits: \$3,526,056 questioned costs.

Recommendation 2: We recommend that the Assistant Secretary for Communications and Information of the NTIA develop procedures to address how all current and closed out recipients can itemize (in a uniform format) current excess equipment, including the use and purpose of vehicles on hand.

Recommendation 3: We recommend that the Assistant Secretary for Communications and Information of the NTIA develop additional procedures to aid recipients and program officials responsible for the disposition of excess equipment at end of projects, including methods for determining equipment transfers and values.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
02.08.2016	OIG-16-017 , <i>Audit of FirstNet's Efforts to Include Federal Agencies in Its NPSBN (Nationwide Public Safety Broadband Network)</i>	3	3	3	0
Objective(s)					
The objective of our audit was to assess FirstNet's effectiveness regarding (1) informing federal agencies on their anticipated use and the benefits associated with the Nationwide Public Safety Broadband Network (NPSBN) and (2) soliciting and addressing concerns federal agencies may have with the development and planned operation of the NPSBN.					
Finding(s)					
We found that (1) FirstNet's accountability mechanisms need to be strengthened, (2) FirstNet received a low level of federal data input, and (3) FirstNet had not analyzed and documented federal consultation efforts.					
Unimplemented Recommendation(s)					
Recommendation 1: We recommend that the FirstNet Chief Executive Officer identify and document non-subjective performance indicators and milestones and define and document how each will be measured.					
Recommendation 2: We recommend that the FirstNet Chief Executive Officer identify steps to mitigate the risk of low federal participation in FirstNet's Federal Stakeholder Engagement Plan.					
Recommendation 3: We recommend that the FirstNet Chief Executive Officer perform and document analysis of federal consultation and outreach efforts, including analyses specific to the 14 Emergency Communications Preparedness Center agencies.					
02.23.2016	OIG-16-018 , <i>The U.S. Census Bureau's Efforts to Ensure an Accurate Address List Raise Concerns over Design and Lack of Cost-Benefit Analysis</i>	4	4	1	0
Objective(s)					
Our audit objectives were to (1) assess the methods and costs of continuously updating the MTdb; (2) determine how efforts, such as the FY 2015 Address Validation Test, support the accuracy of the MAF; and (3) evaluate the preparation of the Local Update of Census Address (LUCA) program for the 2020 decennial census.					
Finding(s)					
We found that (1) the Bureau did not collect cost data or conduct a cost-benefit analysis for either the validation test or the partial block canvassing test, (2) the Bureau did not establish benchmarks before assessing the success of statistical modeling, and (3) decision to eliminate LUCA participation options increases the risk of not receiving address updates from some 2010 participants.					
Unimplemented Recommendation(s)					
Recommendation 1: We recommend the Census Bureau Director collect cost information during testing to fully inform design decisions.					

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
03.23.2016	OIG-16-023, NIST Working Capital Fund Budgetary Controls Are in Place, but Issues with Carryover Balances, Policies, and Time Charges Should Be Addressed	3	3	3	0

Objective(s)

The overall objective of our audit was to evaluate specific budgetary and fund controls over the NIST WCF in FYs 2012–2014. Specifically, our objectives were to determine whether (1) the carryover balance in the WCF is valid and supported; (2) funds received in advance on reimbursable agreements were legally available when earned; and (3) controls for building overhead rates and distributing charges to NIST projects, divisions, and organizational units are implemented and functioning as intended.

Finding(s)

We found that (1) carryover balances for reimbursable agreements are reviewed annually, but procedures to evaluate the need for carryover balances in remaining fund sources need improvement, (2) funds received in advance on reimbursable agreements were legally available when earned, (3) controls for building overhead rates and distributing charges to NIST projects, divisions, and organizational units were implemented, and (4) some engineering lab employees use projected rather than actual time when charging to projects.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the NIST Director and the Associate Director for Management Resources establish a process to evaluate and justify carryover balances in the “all other funds” category of the WCF.

Recommendation 2: We recommend that the NIST Director and the Associate Director for Management Resources establish policy and procedures to (a) calculate earned net income in conformance with federal accounting principles which accurately represent the significant WCF components and (b) ensure that earned income balances are periodically reviewed and significant excess or insufficient balances are fully addressed.

Recommendation 3: We recommend that the Associate Director for Laboratory Programs and the Associate Director for Management Resources implement steps to ensure that time the Engineering Lab employees charge to the Lab’s overhead and other projects reflects the actual work performed on the projects.

03.24.2016	OIG-16-024, NIST Must Strengthen Justifications for Remaining ULOs (Unliquidated Obligations) and Review Procedures	2	2	1	0
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Objective(s)

Our objective was to evaluate the effectiveness of NIST’s obligation and deobligation review policies and procedures implemented in response to our June 2013 audit report, which reviewed the Department-wide controls over the management of ULO balances as of December 2011.

Finding(s)

We found that (1) NIST’s ULO review procedures have not been fully effective and (2) NIST lacks justifications for many remaining ULOs.

Unimplemented Recommendation(s)

Recommendation 2: We recommend that the NIST Director instruct the Division Chiefs of NIST’s Finance Division, Grants Management Division, and Acquisition Management Division to develop and execute a process for conducting quarterly obligation reviews on all open balances.

04.18.2016	OIG-16-025, The Census Working Capital Fund Lacks Transparency	6	6	1	0
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Objective(s)

The objective of this audit was to evaluate the budgetary controls over the Bureau’s WCF.

Finding(s)

We found that the Bureau (1) could not provide support for its overhead rates, (2) lacks monitoring procedures to ensure WCF transparency and compliance with statutes, (3) may have used FY 2010 funds to improperly augment a survey sponsor’s FY 2009 appropriation, (4) has not prepared the required financial reports for the WCF, and (5) lacks controls necessary to ensure that excess funds are returned to reimbursable survey sponsors promptly.

Unimplemented Recommendation(s)

Recommendation 2: We recommend that the Director of the Census Bureau obtain an opinion from the Department of Commerce OGC to determine whether funds from the Improving Operational Efficiency (IOE) program, carried over in FY 2010 and FY 2011, are considered earned income and were carried over in compliance with appropriations laws (and, in addition, notify the Department’s Chief Financial Officer and Assistant Secretary for Administration of the results—and, if noncompliance is noted, develop controls to track the original period of availability of IOE program funds).

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
04.26.2016	OIG-16-026 , <i>The Joint Polar Satellite System: Further Planning and Executive Decisions Are Needed to Establish a Long-Term, Robust Program</i>	9	9	7	0
Objective(s)					
Our objectives for this evaluation were to (1) determine the progress of PFO planning, (2) monitor ongoing JPSS acquisition and development (i.e., JPSS-1 and JPSS-2 missions), and (3) assess the potential for data gaps.					
Finding(s)					
We found that (1) PFO plans needed further development to support the establishment of program cost, schedule, and performance baselines, (2) satellite and ground system development challenges posed risk to JPSS-1 launch schedule, and (3) the potential for data gaps requires leadership's sustained attention.					
Unimplemented Recommendation(s)					
Recommendation 2: In order to ensure a successful transition of responsibility for developing and sustaining the JPSS common ground system, we recommend that the NOAA Administrator ensure the program's transition plan framework is subjected to expert, independent review.					
Recommendation 4: In order to successfully guide future ground system development efforts, we recommend that the NOAA Assistant Administrator for Satellite and Information Services direct the completion of a study of JPSS Block 2.0 common ground system development to capture lessons learned and apply them to plans for the Segment 3.0/Block 3.0 system and NOAA's Ground Enterprise Architecture System development.					
Recommendation 5: In order to ensure that the agency is prepared to address a potential data gap arising from a near-term loss of Suomi NPP (National Polar-orbiting Partnership) data, we recommend that the NOAA Deputy Under Secretary for Operations ensure that NWS completes its contingency plan for JPSS-1 data assimilation and communicates it to users and stakeholders by end of the third quarter of FY 2016.					
Recommendation 6: In order to ensure that the agency is prepared to address a potential data gap arising from a near-term loss of Suomi NPP data, we recommend that the NOAA Deputy Under Secretary for Operations provide Department, OMB, and Congressional stakeholders with a list of key activities for operationalizing JPSS-1 data that NOAA will undertake during the potential data gap.					
Recommendation 7: In order to guide and sustain the implementation of NOAA polar satellite observing systems, we recommend that the NOAA Deputy Under Secretary for Operations provide stakeholders with the results of its study of launch-on-need versus launch-on-schedule strategies, as well as the implications for PFO plans.					
Recommendation 8: In order to guide and sustain the implementation of NOAA polar satellite observing systems, we recommend that the NOAA Deputy Under Secretary for Operations incorporate NOAA's robust architecture criteria into formal NOAA policy.					
Recommendation 9: In order to guide and sustain the implementation of NOAA polar satellite observing systems, we recommend that the NOAA Deputy Under Secretary for Operations include new satellite technology insertion as part of NOAA's strategic and tactical plans.					
05.23.2016	OIG-16-029 , <i>The U.S. Census Bureau Geography Division Lacks Complete Information for Project Costs and Has Not Fully Monitored GSS-I (Geographic Support System Initiative) Goals</i>	3	3	1	0
Objective(s)					
Our audit objectives were to (1) assess the methods and costs of continuously updating the MTdb; (2) determine how efforts, such as the 2015 Address Validation Test, support the accuracy of the MAF; and (3) evaluate the preparation of the LUCA program for the 2020 decennial census.					
Finding(s)					
We found that the Bureau does not (1) identify costs for projects associated with continuously updating the MTdb and (2) know if it achieved all of its GSS-I goals.					
Unimplemented Recommendation(s)					
Recommendation 2: We recommend the Census Bureau Director track contractor costs to specific projects.					

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
06.01.2016	OIG-16-030, NOAA Fisheries' Alaska Regional Office Use of Contract Raises Issues Regarding Personal Services	2	2	2	0

Objective(s)

The objective of the review was to determine whether NOAA inappropriately used a cooperative agreement and grant to acquire personal services, as alleged by a confidential complainant.

Finding(s)

We were unable to substantiate the complainant's claim; however, we did find that the regional office used a contract to acquire administrative support services, the execution and management of which contained similarities in appearance to prohibited personal services contracts, which should be avoided to ensure that NOAA Fisheries does not inappropriately supplement its full-time equivalent workforce.

Unimplemented Recommendation(s)

Recommendation 1: We recommend the Assistant Administrator for Fisheries develop a control process that restricts future awards from being managed as personal service contracts.

Recommendation 2: We recommend the Assistant Administrator for Fisheries distribute guidance to NOAA Fisheries program staff on statutory restrictions and limitations relating to personal services contracts.

06.07.2016	OIG-16-032, 2020 Census: The Bureau Has Not Reported Test Results and Executed an Inadequately Designed 2015 Test	4	4	1	0
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Objective(s)

Our audit had two objectives: to assess (1) whether the Bureau's reengineered and automated OCS for managing fieldwork functioned as expected, and (2) the Bureau's progress for determining whether enumerators are able to use employee-owned mobile devices to collect household data, as well as the status of the Bureau's efforts to overcome policy and legal issues associated with the use of those devices.

Finding(s)

We found that (1) despite numerous briefings, the Bureau has yet to issue reports detailing the results from its field tests conducted between calendar years 2012 and 2015, (2) the 2015 Census Test design prevents the Bureau from answering its research questions, (3) innovative operational control features lacked controls and did not always function properly, and (4) the Bureau did not charge 2015 Census Test contract costs in accordance with cost accounting requirements.

Unimplemented Recommendation(s)

Recommendation 4: We recommend that the Director of the Census Bureau ensure that all contract costs are charged in accordance with cost accounting requirements, so all test costs can be correctly reported.

06.29.2016	OIG-16-035, FirstNet Can Strengthen Its Controls by Documenting Procedures to Close and Track Interagency Agreements	3	3	3	0
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Objective(s)

The objective of our audit was to evaluate FirstNet's processes for managing interagency agreements (IAAs), including entering into, monitoring, and closing IAAs.

Finding(s)

We found that FirstNet can strengthen controls in its processes for closing and tracking IAAs.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the FirstNet Chief Executive Officer develop and document procedures to explain the roles and responsibilities of FirstNet offices involved in the IAA closeout process and identify internal standards for initiating and executing closeouts.

Recommendation 2: We recommend that the FirstNet Chief Executive Officer document procedures to explain the steps that are needed to effectively track FirstNet IAAs.

Recommendation 3: We recommend that the FirstNet Chief Executive Officer train responsible FirstNet personnel on documenting IAA monitoring efforts to ensure timely provision of documentation.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
08.02.2016	OIG-16-039 , <i>USPTO Should Improve Controls Related to Equipment Used by Full-Time Teleworkers</i>	4	4	1	0
Objective(s)					
The objective of our audit was to assess the effectiveness of USPTO's controls over hoteling employees' laptops and other accountable equipment.					
Finding(s)					
We found that (1) USPTO was not conducting physical inventories of hoteling employees' equipment, (2) USPTO's control procedures were not sufficient to ensure adequate segregation of duties, and (3) "Separation Clearance Forms" were incomplete.					
Unimplemented Recommendation(s)					
Recommendation 1: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO improve the inventory certification process by conducting a physical inventory or equivalent alternative procedure of hoteling equipment, at least annually.					
08.04.2016	OIG-16-040 , <i>Review of IT Security Policies, Procedures, Practices, and Capabilities in Accordance with the Cybersecurity Act of 2015</i>	5	5	5	0
Objective(s)					
The objective of this audit was to examine the IT security policies, procedures, practices, and capabilities—as defined in the Cybersecurity Act of 2015—for national security and personally identifiable information systems.					
Finding(s)					
The findings of this report are For Official Use Only, and not included in this publicly released <i>Semiannual Report to Congress</i> .					
Unimplemented Recommendation(s)					
The recommendations of this report are For Official Use Only, and are not included in this publicly released <i>Semiannual Report to Congress</i> .					
08.09.2016	OIG-16-041 , <i>CS China Operations Highlight Need to Strengthen ITA Management Controls</i>	6	6	5	0
Objective(s)					
Our audit objectives were to (1) assess the roles and responsibilities of Commerce staff components in China and the adequacy of cost-sharing agreements; (2) assess the adequacy of controls over personal property inventory at CS China's six offices; and (3) review the responsiveness of U.S. & Foreign Commercial Service (USFCS) staff with respect to client service delivery.					
Finding(s)					
We found that (1) Commerce components are not effectively managing intra-agency agreements to place staff overseas, (2) some controls over personal property at CS China were ineffective, and (3) client service delivery cannot be effectively assessed.					
Unimplemented Recommendation(s)					
Recommendation 1: We recommend that the Assistant Secretary for Global Markets and Director General of the USFCS revise the memorandums of understanding with BIS and USPTO for posting staff in China and at other applicable overseas posts to clarify each bureau's responsibilities regarding the payment of Capital Security Cost Sharing Program charges.					
Recommendation 2: We recommend that the Assistant Secretary for Global Markets and Director General of the USFCS apply a 12 percent overhead rate for BIS' program in China and at other applicable overseas posts or work with BIS to negotiate and document an exemption or an overhead rate that reasonably approximates costs and is reviewed periodically.					
Recommendation 3: We recommend that the Assistant Secretary for Global Markets and Director General of the USFCS provide training and information to BIS and USPTO overseas program officials on the International Cooperative Administrative Support Services (ICASS) program and help them develop ICASS-specific policies.					
Recommendation 4: We recommend that the Assistant Secretary for Global Markets and Director General of the USFCS update USFCS' policy manuals related to property and provide property custodians at CS China with refresher training on their procedural responsibilities.					
Recommendation 5: We recommend that the Assistant Secretary for Global Markets and Director General of the USFCS ensure there is an adequate separation of duties and management accountability when conducting the annual physical inventory at CS China and other posts as applicable.					

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
08.23.2016	OIG-16-042 , <i>USPTO Needs to Improve Assessment of Attaché Program Performance</i>	1	1	1	0

Objective(s)

Our objective was to assess management controls over the Attaché Program.

Finding(s)

We found USPTO needs to improve management controls over the Attaché Program. Specifically, USPTO did not adequately assess Attaché Program performance because it did not establish baselines and targets to evaluate program performance.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO establish baselines and targets for each of the quantifiable performance measures to assess the effectiveness and efficiency of the Attaché Program.

08.26.2016	OIG-16-043 , <i>Successful Cyber Attack Highlights Longstanding Deficiencies in NOAA's IT Security Program</i>	8	8	8	0
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Objective(s)

We conducted this audit to (1) determine the significant factors that contributed to the successful cyber attack on NOAA information systems and (2) evaluate NOAA's handling of the detection, analysis, eradication, and reporting of the attack, as well as recovery from it.

Finding(s)

We found that (1) deficiencies in risk management left an application exposed to attack, (2) web application vulnerability assessments were not conducted routinely and missed hundreds of high-risk vulnerabilities, (3) deferred implementation of multifactor authentication allowed unauthorized access to additional systems, and (4) inadequate firewall management practices prolonged the disruption of disseminating weather satellite data.

Unimplemented Recommendation(s)

Recommendation 1: We recommend that NESDIS' Assistant Administrator improve risk management practices to reduce the exposure of web application vulnerabilities when decisions are made to not remediate known issues.

Recommendation 2: We recommend that NESDIS' Assistant Administrator formally review Internet exposed web applications and determine if access from the Internet is justified.

Recommendation 3: We recommend that NESDIS' Assistant Administrator deploy the specialized web application vulnerability scanning tool and an updated assessment process that requires more than one assessment tool, especially on web applications.

Recommendation 4: We recommend that NESDIS' Assistant Administrator ensure that all web applications are scanned for vulnerabilities on a quarterly basis.

Recommendation 5: We recommend that NESDIS' Assistant Administrator ensure that the same methodology used to identify a vulnerability is also used to validate its remediation.

Recommendation 6: We recommend that NESDIS' Assistant Administrator establish and implement procedures to periodically review firewall rules.

Recommendation 7: We recommend that NESDIS' Assistant Administrator develop an improved practice for managing plans of action and milestones (POA&Ms) to ensure that evidence showing actual remediation of a weakness identified in the POA&M is submitted, reviewed, and approved before the POA&M is closed.

Recommendation 8: We recommend that NOAA's Chief Information Officer ensure that adequate measures are taken to implement mechanisms for multifactor authentication in a timely manner for all applicable users and applications.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
09.26.2016	OIG-16-046 , <i>Delinquency Follow-Up Procedures and System Shortcomings Pose Risks for Fisheries Finance Program</i>	10	10	1	0

Objective(s)

The purpose of our audit was to evaluate management's controls over the Fishery Finance Program's loan approval, monitoring, and debt collection processes. Specifically, our objectives were to determine whether (1) loan application and approval processes comply with Fishery Finance Program regulations, including whether loan approval decisions are supported and the status of affected fisheries are considered; (2) processes such as periodic review of borrowers' financial records and other loan monitoring activities are performed in compliance with federal policies; and (3) management and collection of delinquent loan accounts comply with federal policies and Departmental procedures.

Finding(s)

We found that (1) application fee processes and procedures for retaining documents received with applications do not ensure compliance with Fishery Finance Program regulations, (2) current procedures limit NOAA's ability to effectively monitor loan payments and the financial condition of borrowers, and (3) some of the Fishery Finance Program's delinquency follow-up practices do not comply with federal policies and Department procedures.

Unimplemented Recommendation(s)

Recommendation 6: We recommend that the Deputy Chief Administrative Officer for Fisheries develop and use an aging report that accurately identifies missed payments.

09.30.2016	OIG-16-048 , <i>Follow-up Audit on Recommendations from Audit Report No. OIG-13-031-A, Classified Information Policies and Practices at the Department of Commerce Need Improvement</i>	3	3	3	0
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Objective(s)

The Reducing Over-Classification Act of 2010 (Pub. L. No. 111-258 [October 7, 2010]) mandates that each inspector general with an officer or employee authorized to make original classification decisions conduct two evaluations to promote the accurate classification of information. The first evaluation was completed by September 30, 2013; a second, to be completed by September 30, 2016, must review progress made after the first. Our audit objective was to determine whether the Department took appropriate corrective actions on recommendations made in OIG's 2013 report.

Finding(s)

We found that the Office of Security satisfactorily implemented corrective actions for recommendations 3 and 5, but either did not fully implement or address recommendations 1, 2, and 4.

Unimplemented Recommendation(s)

We recommend that the Director, Office of Security, fully implement recommendations 2 and 4 as agreed to in OIG report number OIG-13-031-A. Specifically:

Recommendation 1: Promote and enforce user reviews of classified documents.

Recommendation 2: Ensure custodians are trained and understand their responsibilities to account for, control, and purge classified materials.

Recommendation 3: Establish controls to ensure that accurate data is entered into Security Manager Database system.

11.30.2016	OIG-17-007 , <i>National Weather Service's Oversight of Service Contracts, Document Retention, and Reporting Needs Improvement</i>	3	3	2	0
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Unimplemented Recommendation(s)

Recommendation 1: We recommend that the Director of the NOAA AGO provide training to NWS contracting officer representatives and task managers on FAR requirements related to personal services contracts, including activities that can lead to perception of prohibited employer-employee relationships.

Recommendation 3: We recommend that the Director of NWS along with the Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator develop procedures to ensure its responses to Congressional requests specify any applicable data limitations related to the provided information.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Agreed to by Management	Unimplemented Recommendations	Potential Monetary Benefits of Unimplemented Recommendations
12.02.2016	OIG-17-006, <i>Biweekly Reporting on Conference Spending by the Department of Commerce</i>	2	2	2	0

Unimplemented Recommendation(s)

Recommendation 1: To assist OAP in managing the reporting process of conference planning spending requirements, we recommend that the Chief Financial Officer and Assistant Secretary for Administration provide clarification to USPTO and the Census Bureau on the types of conferences required to be reported, per OMB Memorandum M-12-12, applicable appropriations legislation, and GSA Bulletin FTR 14-02.

Recommendation 2: To assist OAP in managing the reporting process of conference planning spending requirements, we recommend that the Chief Financial Officer and Assistant Secretary for Administration determine whether adjustments to Section 2.5 of the Department's Conference Policy are needed to better comply with the reporting requirements of OMB Memorandum M-12-12, applicable appropriations legislation, and GSA Bulletin FTR 14-02, and adjust as needed.

12.22.2016	OIG-17-011, <i>NTIA Has Significantly Reduced Its Unliquidated Obligation Balances But Can Further Strengthen Review and Documentation Procedures</i>	2	2	2	\$7,137,339 Funds to Be Put to Better Use
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Unimplemented Recommendation(s) (potential monetary benefits for unimplemented recommendation 1)

Recommendation 1: We recommend that the NTIA Assistant Secretary for Communications and Information instruct the Office of Policy Coordination and Management Division to follow up on the five obligations identified in this report to ensure that, if no longer needed, appropriate action is taken.

Potential monetary benefits: \$7,137,339 funds to be put to better use.

Recommendation 2: We recommend that the NTIA Assistant Secretary for Communications and Information implement bureau-specific policies and procedures for conducting timely obligation reviews of all open balances.

TABLE 7-B. UNRESOLVED FY 2017 RECOMMENDATIONS FROM AUDIT, EVALUATION, AND INSPECTION REPORTS

Table 7-b includes only audit, evaluation, and inspection reports with unresolved recommendations. These include reports with no approved action plan as of March 31, 2017, and reports for which the action plans are not due until after the reporting period ending on March 31, 2017.

Table 7-b lists 10 performance audit, evaluation, and inspection reports, which had 48 unresolved recommendations when they were issued between November 2016 and March 2017. Four of these unresolved recommendations have potential monetary benefits of \$31,822,759.

Summaries of these reports appear in pages 2–29.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Accepted by Management	Reason	Potential Monetary Benefits of Unimplemented Recommendations
11.16.2016	OIG-17-004, <i>Audit of Coastal Protection and Restoration Authority Grant Award NA11NMF4630150</i>	1	0	NOAA Waiting for Grantee's Proposal	\$12,314 Questioned Costs

Unresolved Recommendations (potential monetary benefits for unresolved recommendation 1)

Recommendation 1: We recommend that the NOAA AGO Director require CPRA to provide adequate documentation to show that the unsupported costs amounting to \$12,314 are allowable and allocable or refund the recoverable portions that NOAA determines have not been adequately documented.

Potential monetary benefits: \$12,314 questioned costs.

02.02.2017	OIG-17-013, <i>Audit of the Geostationary Operational Environmental Satellite-R Series: Improvements in Testing, Contract Management, and Transparency Are Needed to Control Costs, Schedule, and Risks</i>	11	0	Action Plan Due 04.03.2017	\$20,040,409 Questioned Costs \$3,943,450 Funds to Be Put to Better Use
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Unresolved Recommendations (potential monetary benefits for unresolved recommendations 3 and 6)

Recommendation 1: We recommend that the NESDIS Assistant Administrator direct NASA to ensure the spacecraft contractor's thermal vacuum procedural documents include adequate steps to account for configuration modifications on future GOES-R series satellites.

Recommendation 2: We recommend that the NESDIS Assistant Administrator direct GOES-R Program to establish a reporting mechanism that tracks mishap or damage costs with appropriate contract management personnel.

Recommendation 3: We recommend that the NESDIS Assistant Administrator direct NASA to modify the spacecraft contract's performance evaluation plan to specify that both direct and indirect costs are used in determining a major breach of safety for future evaluation periods. Potential monetary benefits: \$10,299,050 questioned costs and \$3,943,450 funds to be put to better use.

Recommendation 4: We recommend that the NESDIS Assistant Administrator direct GOES-R Program to provide timely cost data to NASA in order to achieve the proper mishap level of classification as early as possible.

Recommendation 5: We recommend that the NOAA Deputy Under Secretary for Operations determine whether the spacecraft contractor was entitled to receive award fee payment for period 12.

Recommendation 6: We recommend that the NOAA Deputy Under Secretary for Operations direct NOAA AGO to develop a policy on timely disposition of REAs.

Potential monetary benefits: \$9,741,359 questioned costs.

Recommendation 7: We recommend that the NOAA Deputy Under Secretary for Operations direct AGO to provide more detailed status of REAs and UCOs for programs presented at NOAA/NASA PMC meetings that have been unresolved for over 6 months (e.g., how long they have been unresolved or undefinitized, plan for resolution or definitization, and estimated value).

Recommendation 8: We recommend that the NOAA Deputy Under Secretary for Operations direct AGO to develop a mechanism to regularly communicate status of REAs and UCOs that have been unresolved for over 6 months to senior NOAA leadership for programs not presented at NOAA/NASA PMC meetings (e.g., how long they have been unresolved or undefinitized, plan for resolution or definitization, and estimated value).

Recommendation 9: We recommend that the Under Secretary of Commerce for Oceans and Atmosphere and the NOAA Administrator direct the GOES-R program to ensure that the business meeting portion of the spacecraft project management reviews are conducted in a transparent manner by allowing independent government oversight attendance.

Recommendation 10: We recommend that the NESDIS Assistant Administrator ensures that (a) the GOES-R program captures meeting minutes for project management reviews identifying all action items, decisions, and significant points of discussion and (b) all future NESDIS funded contract meeting and review deliverables require minutes.

Recommendation 11: We recommend that the NESDIS Assistant Administrator create a documented, periodic, and consistent geostationary imagery gap probability summary for comparison with policy.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Accepted by Management	Reason	Potential Monetary Benefits of Unimplemented Recommendations
02.03.2017	OIG-17-014, NOAA <i>Reviews of Unliquidated Obligations Could Be Improved with Greater Review Frequency and Additional Documentation</i>	3	0	Action Plan Due 04.04.2017	\$7,826,586 Funds to Be Put to Better Use

Unresolved Recommendations (potential monetary benefits for unresolved recommendation 2)

Recommendation 1: We recommend that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of AGO to develop bureau-specific policies and procedures for monitoring obligations that require open ULOs to have proper justification documentation and timely reviews.

Recommendation 2: We recommend that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of AGO to follow up on the obligations specifically identified in this report and take appropriate action.
Potential monetary benefits: \$7,826,586 funds to be put to better use.

Recommendation 3: We recommend that the NOAA Administrator instruct the NOAA Chief Financial Officer and the Director of AGO to require compliance with Departmental documentation standards on future deobligations by ensuring all deobligation actions have appropriate notifications, confirmations, and certifications on record and are processed in a timely manner.

02.17.2017	OIG-17-015, DATA <i>Act Readiness Review</i>	2	0	Action Plan Due 04.18.2017	0
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Unresolved Recommendations

Recommendation 1: We recommend that the Chief Financial Officer and Assistant Secretary for Administration ensure there are sufficient monitoring activities to track completion of tasks/milestones needed to meet the DATA Act deadline.

Recommendation 2: We recommend that the Chief Financial Officer and Assistant Secretary for Administration consider missing or insufficient implementation plan items identified in this report during the DATA Act implementation process.

02.28.2017	OIG-17-017, Enforcement and Compliance Needs to Update and Consistently Implement Its Quality Assurance Policies and Practices	4	0	Action Plan Due 05.01.2017	0
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Unresolved Recommendations

Recommendation 1: We recommend that the Assistant Secretary for E&C update and implement standard quality assurance processes across AD/CVD Operations enforcement offices, and train analysts and supervisors on the revised quality assurance policies.

Recommendation 2: We recommend that the Assistant Secretary for E&C update practices to ensure that records related to quality assurance processes are retained.

Recommendation 3: We recommend that the Assistant Secretary for E&C develop a process to track and certify completion of quality assurance processes and provide case analysts with training to correct any errors discovered in calculation review panels as they arise.

Recommendation 4: We recommend that the Assistant Secretary for E&C revise workplace processes, including those for assigning cases, to better meet or document adjusted deadlines for regulatory cases.

03.14.2017	OIG-17-018, Expanding Monitoring Controls Will Strengthen the Management of the State and Local Implementation Grant Program (SLIGP)	4	0	Action Plan Due 05.12.2017	0
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Unresolved Recommendations

Recommendation 1: We recommend that the NTIA Assistant Secretary for Communications, in coordination with NIST, implement procedures to verify grant-related activities and costs reported on Performance Progress Reports, and perform draw-down trend analyses.

Recommendation 2: We recommend that the NTIA Assistant Secretary for Communications consolidate monitoring efforts to provide a current assessment of each recipient's status in completing the six SLIGP priorities required by the Federal Funding Opportunity.

Recommendation 3: We recommend that the NTIA Assistant Secretary for Communications communicate periodically to SLIGP recipients their status of achieving program priorities.

Recommendation 4: We recommend that the NIST's Chief Information Officer develop and implement controls to ensure that all data transfers are complete and timely.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Accepted by Management	Reason	Potential Monetary Benefits of Unimplemented Recommendations
03.14.2017	OIG-17-019, EDA <i>Public Works and Economic Adjustment Assistance Grant Recipient Selections Were Generally Made Competitively But Its Merit-Based Selection Process Can Be Further Improved</i>	2	0	Action Plan Due 05.15.2017	0

Unresolved Recommendations

Recommendation 1: We recommend that the Assistant Secretary of Commerce for Economic Development review the disputed grant application noted in this report for any potential improprieties.

Recommendation 2: We recommend that the Assistant Secretary of Commerce for Economic Development ensure compliance with the *Policy and Operations Manual* requirement of maintaining decision-making independence between Investment Review Committee members and Regional Directors when considering a grant application.

03.16.2017	OIG-17-020, 2020 <i>Census: 2016 Census Test Indicates the Current Life-Cycle Cost Estimate Is Incomplete and Underestimates Nonresponse Followup Costs</i>	5	0	Action Plan Due 05.15.2017	0
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Unresolved Recommendations

Recommendation 1: We recommend that the Director of the Census Bureau ensure that the 2020 Census life-cycle cost estimate accurately reflects all relevant cost factors and excluded costs are documented.

Recommendation 2: We recommend that the Director of the Census Bureau designate appropriate personnel to independently verify that tests are properly designed to answer research questions.

Recommendation 3: We recommend that the Director of the Census Bureau work with the OGC to develop enumerator scheduling guidance; and implement the most efficient NRFU enumeration scheduling practices.

Recommendation 4: We recommend that the Director of the Census Bureau implement internal controls in the new operation control system that (a) prevent supervisors from ignoring alerts and inform managers that alerts were not responded to in a timely manner; and (b) provide supervisors with sufficient detail to resolved alerts.

Recommendation 5: We recommend that the Director of the Census Bureau revise training to ensure field staff are adequately prepared to conduct proxy interviews and securely transmit paper questionnaires for processing.

Date Report Issued	OIG Report No. and Title	Total Recommendations Made	Recommendations Accepted by Management	Reason	Potential Monetary Benefits of Unimplemented Recommendations
03.24.2017	OIG-17-021 , <i>Inadequate Security Practices, Including Impaired Security of Cloud Services, Undermine USPTO's IT Security Posture</i>	12	0	Action Plan Due 05.23.2017	0

Unresolved Recommendations

Recommendation 1: We recommend that the USPTO Chief Information Officer take immediate action to implement and assess required security controls for the Global Patent Search Network, or discontinue operation of the subsystem.

Recommendation 2: We recommend that the USPTO Chief Information Officer follow the NIST Risk Management Framework process to ensure that required security controls are properly implemented and assessed on all cloud-based systems when using FedRAMP-compliant services.

Recommendation 3: We recommend that the USPTO Chief Information Officer establish processes to develop and maintain an accurate inventory of all cloud-based servers, and conduct routine vulnerability scanning, as required by Department and USPTO policies.

Recommendation 4: We recommend that the USPTO Chief Information Officer ensure that all applicable security controls are implemented and assessed for all non-FedRAMP compliant services already in-use, or discontinue use of such services.

Recommendation 5: We recommend that the USPTO Chief Information Officer establish processes to determine the feasibility of obtaining sufficient assurance that the required controls are adequately implemented and assessed prior to using cloud-based services.

Recommendation 6: We recommend that the USPTO Chief Information Officer evaluate current strategy of replacing unsupported server operating systems, and develop and implement a plan to prioritize available resources for the component upgrade or replacement.

Recommendation 7: We recommend that the USPTO Chief Information Officer ensure that unsupported databases are upgraded or replaced in a timely manner.

Recommendation 8: We recommend that the USPTO Chief Information Officer ensure that accurate inventories of hardware and software products are established and maintained.

Recommendation 9: We recommend that the USPTO Chief Information Officer establish a process to ensure effective coordination between the Cybersecurity Division and operation teams to timely share critical security information, such as credentials and vulnerability scanning reports.

Recommendation 10: We recommend that the USPTO Chief Information Officer establish vulnerability scanning procedures that require credentialed scanning of all system components as required by Department and USPTO policies.

Recommendation 11: We recommend that the USPTO Chief Information Officer ensure that passwords for user and database administrator database accounts meet the standards set by Department and USPTO policies.

Recommendation 12: We recommend that the USPTO Chief Information Officer ensure that unauthorized ports are disabled for all USPTO systems.

03.29.2017	OIG-17-022 , <i>2020 Census: Census Bureau Needs to Improve Controls over Administrative Records</i>	4	0	Action Plan Due 05.29.2017	0
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Unresolved Recommendations

Recommendation 1: We recommend that the Director of the Census Bureau update review and approval policies and procedures for projects requiring access to administrative records to ensure all applicable criteria is considered, and appropriate documentation is retained.

Recommendation 2: We recommend that the Director of the Census Bureau improve controls over access to administrative records to ensure staff have a justified need-to-know to access administrative record data, and appropriate documentation is retained.

Recommendation 3: We recommend that the Director of the Census Bureau update training policies and procedures to ensure staff can only access administrative record data with up-to-date training.

Recommendation 4: We recommend that the Director of the Census Bureau improve controls over the retention and disposal process of administrative records to ensure records are deleted or returned to data providers in accordance with agreements.

TABLE 8. REPORTS ON INVESTIGATIONS CONCERNING SENIOR GOVERNMENT EMPLOYEES

OIG Case No.	Narrative Description of Investigations Involving Senior Government Employees Where Allegations of Misconduct Were Substantiated^a
15-0789	On January 13, 2017, OIG closed an investigation involving allegations that a senior NOAA official misused his or her title and position, specifically to advocate for two previous employers. The investigation found that the official sent a letter on NOAA letterhead, with a NOAA email address, to a metropolitan city’s planning department endorsing the work of the two firms, where the senior official had previously worked. In January 2017, NOAA informed OIG that it had provided a verbal reprimand to the senior official and required the senior official to attend additional ethics training, which NOAA stated that the senior official has already completed. OIG closed the investigation without any further investigative activity.
15-0732	On February 22, 2017, OIG closed an investigation involving allegations that a senior USPTO employee misused government resources and engaged in improper conduct while on official duty. Specifically, the official used a government computer to conduct personal business and also to view inappropriate material. The investigation substantiated the allegations, and the Department demoted the official, additionally suspending the official for 30 days. USPTO advised that it would continue to monitor the individual’s computer usage in the future to ensure that no further misconduct occurs. OIG closed the investigation without any further investigative activity.
16-0110	On March 27, 2017, OIG closed an investigation involving a senior NOAA official who allegedly violated sections of the FAR regarding personal services contracts and inherently governmental duties by appointing a contractor as a program manager, a position that federal employees previously held. The complaint also alleged that the program manager then proceeded to end the contract of a subcontractor in order to replace that subcontractor with another individual hired by the program manager’s company to benefit his or her own financial interests, a potential conflict of interest. Our investigation substantiated the allegation that the NOAA official improperly appointed the contractor as a program manager. The contractor then performed inherently governmental duties and acknowledged to the OIG (a) acting as a direct report of the NOAA official and (b) representing the agency to outside government and foreign partners. Our investigation found that the allegation of a potential conflict of interest was unsubstantiated, and, in January 2016, the U.S. Department of Justice declined to prosecute the case without evidence to substantiate a federal criminal offense. In October 2016, OIG referred the matter to NOAA for administrative action. NOAA reassigned the contractor from the program manager position to a senior technical manager position and filled the program manager position with a federal employee. More significantly, the NOAA official retired from federal service.

^a Pursuant to section 5(e)(1)(C) of the Inspector General Act of 1978, as amended, this chart reports only closed cases.

TABLE 9. DESCRIPTION OF CLOSED AND NON-PUBLIC INSPECTIONS, EVALUATIONS, AUDITS, AND CERTAIN INVESTIGATIONS (INSPECTIONS, EVALUATIONS, AND AUDITS)

Date Report Issued	OIG Report Title	Narrative Description
11.08.2016	<i>FY 2016 Federal Information Security Modernization Act (FISMA) Annual Report</i>	OIG issued a report summarizing the assessment of selected IT security attributes across 18 systems—from the Census Bureau, NIST, NOAA, Office of the Secretary, and USPTO—for compliance with FISMA requirements. Our assessments found that, for the areas we reviewed (risk management, contractor systems, configuration management, identity and access management, security and privacy training, information security continuous monitoring, incident response, and contingency planning), the Department has largely defined the needed policies and procedures. Further, we found that overall, contingency planning and security and privacy training are consistently implemented within the Department. However, our assessments of identity and access management and configuration management security controls found that, generally, they are not fully implemented Department-wide. We also found that the Department continues to struggle to effectively select, implement, and access security controls to protect its information systems.

TABLE 10. DESCRIPTION OF CLOSED AND NON-PUBLIC INSPECTIONS, EVALUATIONS, AUDITS, AND CERTAIN INVESTIGATIONS (INVESTIGATIONS)

OIG Case No.	Narrative Description for Closed Cases of Investigations Involving Senior Government Employees Not Disclosed to Public
16-0776	On December 7, 2016, OIG closed an investigation involving allegations that senior Departmental officials colluded to steer the award of a contract to a specific company and also leaked procurement-sensitive information in order to prepare the company for the contract award. Our investigation found the allegations unsubstantiated and closed the case without further investigative activity.
14-0903	On December 19, 2016, OIG closed an investigation involving allegations that a senior Departmental official misused his or her official position for personal gain by displaying business cards for a personal business in a government facility. The investigation found that the official did not intend to promote sales from the personal company and did not violate the prohibition on using public office for private gain. We closed the investigation without further investigative activity.
15-0789	On January 13, 2017, OIG closed an investigation involving allegations that a senior NOAA official misused his or her title and position, specifically to advocate for two previous employers. The investigation found that the official sent a letter on NOAA letterhead, with a NOAA email address, to a metropolitan city's planning department endorsing the work of the two firms, where the senior official had previously worked. In January 2017, NOAA informed OIG that it had provided a verbal reprimand to the senior official and required the senior official to attend additional ethics training, which NOAA stated that the senior official has already completed. OIG closed the investigation without any further investigative activity.
16-0454	On January 17, 2017, OIG closed an investigation into alleged hiring improprieties by a senior EDA official. The complainant reported that the official made certain hiring decision based on personal favoritism, preselection, or other bias in the selection process rather than the candidates' qualifications. We determined that EDA appeared to have adequately documented the basis for its hiring decisions and that the selected candidates appeared to have been qualified for their chosen positions. With insufficient evidence of personal favoritism to substantiate the allegations, we closed the case without any further investigative activity.
16-0765	On February 2, 2017, OIG closed an investigation involving allegations that a senior Departmental official ordered a subordinate employee to alter reports from human resources investigations involving alleged prohibited personnel actions by two other senior Departmental officials. The complainant alleged that the senior Departmental official ordered the human resources investigative reports to be changed to show that neither of the other two senior Departmental officials had engaged in any prohibited personnel actions. We conducted an investigation and, unable to find evidence to substantiate the allegations, closed the case without further investigative activity.
16-0401	On February 2, 2017, OIG closed an investigation into alleged hiring improprieties by a senior Census Bureau official. We received an allegation that the senior official selected a neighbor as a special assistant ahead of "many more qualified applicants" and also made efforts to keep other qualified applicants "in the dark about the opening." We completed the investigation in October 2016 and, with the allegations unsubstantiated, closed the case without any further investigative activity.
15-0732	On February 22, 2017, OIG closed an investigation involving allegations that a senior USPTO employee misused government resources and engaged in improper conduct while on official duty. Specifically, the official used a government computer to conduct personal business and also to view inappropriate material. The investigation substantiated the allegations, and the Department demoted the official, additionally suspending the official for 30 days. USPTO advised that it would continue to monitor the individual's computer usage in the future to ensure that no further misconduct occurs. OIG closed the investigation without any further investigative activity.
16-0110	On March 27, 2017, OIG closed an investigation involving a senior NOAA official who allegedly violated sections of the FAR regarding personal services contracts and inherently governmental duties by appointing a contractor as a program manager, a position that federal employees previously held. The complaint also alleged that the program manager then proceeded to end the contract of a subcontractor in order to replace that subcontractor with another individual hired by the program manager's company to benefit his or her own financial interests, a potential conflict of interest. Our investigation substantiated the allegation that the NOAA official improperly appointed the contractor as a program manager. The contractor then performed inherently governmental duties and acknowledged to the OIG (a) acting as a direct report of the NOAA official and (b) representing the agency to outside government and foreign partners. Our investigation found that the allegation of a potential conflict of interest was unsubstantiated, and, in January 2016, the U.S. Department of Justice declined to prosecute the case without evidence to substantiate a federal criminal offense. In October 2016, OIG referred the matter to NOAA for administrative action. NOAA reassigned the contractor from the program manager position to a senior technical manager position and filled the program manager position with a federal employee. More significantly, the NOAA official retired from federal service.
15-1508	On March 31, 2017, OIG closed an investigation into allegations that (a) a senior NOAA official intentionally failed to accurately record leave time in his or her time and attendance reports and (b) the same senior official failed to ensure reasonable accommodations, under a reasonable accommodation agreement, for an employee, which resulted in the employee being unable to perform his or her job duties for a period of time. Although OIG identified a number of time reporting irregularities with respect to the supervisor, and found that the amount of time the employee went without the agreed-upon reasonable accommodation was unreasonable, there was insufficient evidence to show that either the supervisor or the employee had engaged in intentional misconduct. We referred the matter to NOAA for further review and closed the case without further action.

REPORTING REQUIREMENTS

The Inspector General Act of 1978, as amended, specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages of this report.

SECTION	TOPIC	PAGE(S)
4(a)(2)	Review of Legislation and Regulations	65
5(a)(1)	Significant Problems, Abuses, and Deficiencies	2–29
5(a)(2)	Significant Recommendations for Corrective Action	2–29
5(a)(3)	Prior Significant Recommendations Unimplemented	65
5(a)(4)	Matters Referred to Prosecutorial Authorities	35–36
5(a)(5) and 6(b)(2)	Information or Assistance Refused	65
5(a)(6)	Listing of Audit Reports	39–40
5(a)(7)	Summary of Significant Reports	2–29
5(a)(8)	Audit Reports—Questioned Costs	37
5(a)(9)	Audit Reports—Funds to Be Put to Better Use	37
5(a)(10)	Prior Reports with Unimplemented and/or Unresolved Recommendations	41–60, 65
5(a)(11)	Significant Revised Management Decisions	65
5(a)(12)	Significant Management Decisions with Which OIG Disagreed	66
5(a)(14)	Results of Peer Review	66
5(a)(15)	Peer Review Recommendations Unimplemented	N/A
5(a)(16)	Peer Reviews Conducted by OIG	N/A
5(a)(17)	Investigative Reports Issued and Referrals for Criminal Prosecution	N/A
5(a)(18)	Description of Metrics Used for Determining the Data in 5(a)(17)	66
5(a)(19)	Reports on Investigations Concerning Senior Government Employees	61
5(a)(20)	Description of Whistleblower Retaliation Instances	N/A
5(a)(21)	Description of Establishment Interference Attempts	N/A
5(a)(22)	Description of Closed and Non-Public Inspections, Evaluations, Audits, and Certain Investigations	61–62

SECTION 4(A)(2): REVIEW OF LEGISLATION AND REGULATIONS

This section requires the inspector general of each agency to review existing and proposed legislation and regulations relating to that agency's programs and operations. Based on this review, the inspector general is required to make recommendations in the semiannual report concerning the impact of such legislation or regulations on (1) the economy and efficiency of the management of programs and operations administered or financed by the agency or (2) the prevention and detection of fraud and abuse in those programs and operations. Comments concerning legislative and regulatory initiatives affecting Departmental programs are discussed, as appropriate, in relevant sections of the report.

SECTION 5(A)(3): PRIOR SIGNIFICANT RECOMMENDATIONS UNIMPLEMENTED

This section requires identification of each significant recommendation described in previous semiannual reports for which corrective action has not been completed. Section 5(b) requires that the Secretary transmit to Congress statistical tables showing the number and value of audit reports for which no final action has been taken, plus an explanation of why recommended action has not occurred, except when the management decision was made within the preceding year. Information on the status of any audit recommendations can be obtained through OIG upon request.

SECTIONS 5(A)(5) AND 6(B)(2): INFORMATION OR ASSISTANCE REFUSED

These sections require a summary of each report to the Secretary when access, information, or assistance has been unreasonably refused or not provided. There were no reports to the Secretary during this semiannual period.

SECTION 5(A)(10): PRIOR REPORTS WITH UNIMPLEMENTED AND/OR UNRESOLVED RECOMMENDATIONS

This section requires (1) a summary of each audit report issued before the beginning of the reporting period for which no management decision has been made by the end of the reporting period (including the date and title of each such report); (2) an explanation of why a decision has not been made; and (3) a statement concerning the desired timetable for delivering a decision on each such report. There are no audit reports that are more than 6 months old for which no management decision has been made. This section also requires a summary of each audit report issued before the beginning of the reporting period (1) for which there was no comment returned within 60 days of providing the report to the establishment and (2) for which there are any outstanding unimplemented OIG recommendations, including the aggregate potential cost savings of such recommendations.

SECTION 5(A)(11): SIGNIFICANT REVISED MANAGEMENT DECISIONS

This section requires an explanation of the reasons for any significant revision to a management decision made during the reporting period. Department Administrative Order 213-5, *Audit and Evaluation Resolution and Follow-Up*, provides procedures for revising a management decision. For financial assistance audits, OIG generally must concur with any decision that would change the audit resolution proposal in response to an appeal by the recipient. There are no appeals pending at the end of this period.

SECTION 5(A)(12): SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH OIG DISAGREED

This section requires information concerning any significant management decision with which the inspector general disagrees. Department Administrative Order 213-5 provides procedures for elevating unresolved audit recommendations to higher levels of Department and OIG

management, including their consideration by an agency resolution council. During this period, no audit issues were referred.

SECTION 5(A)(14): RESULTS OF PEER REVIEW

The most recent peer review of the Office of Audit and Evaluation was conducted in 2015 by the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau (FRB OIG). FRB OIG's *System Review Report* of our audit operations is available on our website. We received a *pass* rating, the highest available rating. We have implemented all of FRB OIG's recommendations for process and policy improvements.

In March 2016, we completed our peer review of the audit operations of the Office of Inspector General for the U.S. Department of State and the Broadcasting Board of Governors (DOS OIG). DOS OIG has informed us that it has implemented the recommendations that we made in our review.

On March 2, 2015, OIG's Office of Investigations received official notification that the system of internal safeguards and management procedures for our investigative function was in compliance with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and the applicable Attorney General Guidelines. The peer review was conducted by the FRB OIG.

SECTION 5(A)(18): DESCRIPTION OF METRICS USED FOR DETERMINING THE DATA IN 5(A)(17)

The metrics used for the statistical data referenced in the table referenced above include the following: ensure data input is completed accurately; obtain data extraction via reports generated in OIG's case management system; and complete quality assurance with supporting documentation in the case files and discussions with individual investigative personnel.

ACRONYMS AND ABBREVIATIONS

AD	antidumping duty	FAR	Federal Acquisition Regulation
AGO	Acquisition and Grants Office	FBI	Federal Bureau of Investigations
BIS	Bureau of Industry and Security	FedRAMP	Federal Risk and Authorization Management Program
BPA	blanket purchase agreement	FirstNet	First Responder Network Authority
BTOP	Broadband Technology Opportunities Program	FISMA	Federal Information Security Management Act
Charge Card Act	Government Charge Card Abuse Prevention Act of 2012	FRB OIG	OIG for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau
CHEC	Census Hiring and Employment Check	FTR	Federal Travel Regulation
CIGIE	Council of the Inspectors General on Integrity and Efficiency	FY	fiscal year
CIRT	Computer Incident Response Team	GOES-R	Geostationary Operational Environmental Satellite–R Series
CISA	Cybersecurity Information Sharing Act	GSA	General Services Administration
CPRA	Coastal Protection and Restoration Authority	GSS-I	Geographic Support System Initiative
CVD	countervailing duty	IAA	interagency agreement
DATA Act	Digital Accountability and Transparency Act of 2014	ICASS	International Cooperative Administrative Support Services
DOC	Department of Commerce	IG	Inspector General
DOS OIG	U.S. Department of State and the Broadcasting Board of Governors OIG	IOE	Improving Operational Efficiency
E&C	Enforcement and Compliance	IT	information technology
EDA	Economic Development Administration	ITA	International Trade Administration
ESA	Economics and Statistics Administration		

JPSS	Joint Polar Satellite System	OIG	Office of Inspector General
LA-RICS	Los Angeles Regional Interoperable Communications System	OMB	Office of Management and Budget
LUCA	Local Update of Census Address	PFO	Polar Follow-On
MAF	Master Address File	PMC	Program Management Council
MBC	MBDA Business Center	POA&M	plan of action and milestones
MBDA	Minority Business Development Agency	PTAB	Patent Trial and Appeal Board
MTdb	MAF/TIGER database	R&T	research and testing
MTIPS	Managed Trusted Internet Protocol Services	RAC	reasonable accommodation coordinator
NASA	National Aeronautics and Space Administration	REA	request for equitable adjustment
NESDIS	National Environmental Satellite, Data, and Information Service	RLF	revolving loan fund
NIST	National Institute of Standards and Technology	SLIGP	State and Local Implementation Grant Program
NOAA	National Oceanic and Atmospheric Administration	SOC	Security Operations Center
NOAA Fisheries	NOAA National Marine Fisheries Service	TFM	Treasury Financial Manual
NPP	National Polar-orbiting Partnership	TIGER	Topologically Integrated Geographic Encoding and Referencing system
NPSBN	Nationwide Public Safety Broadband Network	U.S.	United States
NRFU	nonresponse followup	UCO	unpriced change order
NTIA	National Telecommunications and Information Administration	ULO	unliquidated obligation
NWS	National Weather Service	USFCS	U.S. & Foreign Commercial Service
OAP	Office of Administrative Programs	USPTO	U.S. Patent and Trademark Office
OCS	operational control system	WCF	working capital fund
OGC	Office of the General Counsel		

REPORT

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